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Daily Report

LAST ISSUE

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LAST ISSUE

Latin America

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Daily Report
Latin America

FBIS-LAT-96-132 *9 July 1996*

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Cuba

Cuba: Officials Decline To Comment on Plane Hijacking

PA0807181296 Madrid EFE in Spanish 1711 GMT 8 Jul 96

[FBIS Translated Text] Havana, 8 Jul (EFE) — Up to this moment, Cuban authorities have abstained from making any comments on the hijacking of a commercial plane carrying 16 persons that was flying between Santiago de Cuba and Guantanamo.

Neither the Foreign Ministry nor the island's aviation authorities have confirmed this morning that a military man with a gun hijacked a plane on Sunday, as Pentagon sources reported in Washington.

The last incident of this type between Cuba and the United States took place in May 1994, when a pilot of Cubana de Aviacion diverted to Miami a plane with 16 tourists that was traveling the Havana-Bahamas route.

The pilot of that flight, Basilio Garcia Breto, requested political asylum in Miami.

However, that hijacking took place before Cuba and the United States signed the immigration agreements — in September of that same year — that put an end to the illegal immigration between the two countries.

Cuba has always demanded that the United States deport the persons that commit acts of piracy or violence in order to reach U.S. territory. However, so far, there is no record of any of these persons being sent back to the island.

Cuba: Alarcon Says U.S. Must Prosecute or Deport Hijacker

PA0807191296 Madrid EFE in Spanish 1825 GMT 8 Jul 96

[FBIS Translated Text] Havana, 8 Jul (EFE) — Cuban Parliament President Ricardo Alarcon today said that the military officer who diverted a Cuban commercial airplane to U.S. Guantanamo Naval Base must be either prosecuted in the United States or returned to Cuba, as UN anti-hijacking agreements stipulate.

"I believe that the United States would have to comply with the UN anti-hijacking agreements," Alarcon affirmed in brief statements made to reporters after explaining that he was unaware of the details of the incident.

However, he added that, according to the immigration agreements the two countries have signed, "any person who trespasses on (U.S.) Guantanamo Base must be returned to Cuba."

According to U.S. Government sources, Lieutenant Colonel Jose Fernandez Pupo yesterday diverted a Cuban commercial airplane carrying 16 passengers at gunpoint. The airplane was flying the Santiago de Cuba-Guantanamo route, and Fernandez forced the pilot to land on the U.S. base, located on the island's eastern tip.

Alarcon also said that both Cuba and the United States are interested in respecting these agreements, adding "I have no reason to doubt the U.S. position."

These agreements, which were signed in September 1994 and May 1995, put an end to the so-called "rafters crisis" and illegal immigration, after the United States pledged, for the first time in history, to deport all Cuban citizens who were intercepted on the high seas.

When asked about insistent rumors spreading throughout Havana on a new Cuban mass exodus intent on crossing the Florida Straits, the top official answered that "those rumors can only originate from the small Miami groups seeking to complicate life for Clinton."

Alarcon did not rule out the possibility that the man who hijacked the plane to Guantanamo Base may have been "encouraged by the most radical anti-Castro exile groups based in the State of Florida."

He answered a question by saying "it is possible. There are people in Miami who want to make life more difficult."

The plane, a small Russian-made An-2 aircraft, was hijacked on a routine flight through the island's eastern provinces, where it delivers the daily newspapers and occasional passengers.

According to sources from the Guantanamo City airport, the plane has been returned to Cuba, and the 16 passengers have gone home. Most were from the city of Bayamo.

The last incident of this type between Cuba and the United States took place in May 1994, when a pilot from the Empresa Consolidada Cubana de Aviacion airline enterprise flew toward Miami in a plane that was traveling a route between Havana and the Bahamas with 16 foreign tourists on board.

Flight pilot Basilio Garcia requested political asylum in Miami.

Cuba has always demanded that the United States deport the individuals who commit acts of piracy or violence in order to reach U.S. territory. But so far, as far as anyone knows, none of these persons has been returned to the island.

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Cuba: Ricardo Alarcon Cited on Plane Hijacking

PA0807193296 Havana PRENSA LATINA in Spanish 1904 GMT 8 Jul 96

[FBIS Translated Text] Havana, 8 Jul (PL) — Cuban Parliament President Ricardo Alarcon today affirmed that the Cuban-U.S. immigration agreements stipulate that those who trespass onto Guantanamo Base must be deported to Cuba.

Alarcon recalled this stipulation when PRENSA LATINA questioned him on yesterday's hijacking of a Cuban commercial airplane by a deserter who diverted it to this military enclave the United States has on the island.

Alarcon said: If the agreements are complied with, the hijacker must be returned to Cuban authorities.

The second paragraph, which is entitled "Life Safety in the High Seas," of the joint declaration Havana and Washington signed on 2 May 1995, stipulates that the "Republic of Cuba and the United States reaffirm their common interest in preventing dangerous departures from Cuba.

"Starting from that moment, those Cuban immigrants whom the United States intercepts in the high seas while they are attempting to illegally enter the United States will be returned to Cuba. Likewise, those immigrants who trespass onto Guantanamo Naval Base will also be returned to Cuba," the agreement states.

Alarcon also recalled that the United Nations has repeatedly decried this type of violent action.

Cuba: Newscast Reports Hijacking Incident, Details

PA0907013696 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 9 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] Last Sunday, 7 July, an airplane belonging to a national air service enterprise, was hijacked and forced to land in the Guantanamo Naval Base. The flight departed from the city of Bayamo with stopovers scheduled in the cities of Santiago de Cuba, Guantanamo, Baracoa, and Moa. The flight regularly carries reporters and passengers. The An-2 airplane, with registration number CUT1183, took off from the Bayamo Airport with seven passengers, including two minors. Two more passengers boarded in Santiago de Cuba. The airplane left at 1358 headed for Guantanamo. In mid-flight, at approximately 1415, one of the passengers who had boarded the airplane in Bayamo, used firearms to force the crew to divert the airplane to the Guantanamo Naval Base. All the passengers and crew, except for the hijacker, immediately expressed their wish to abandon that U.S. military enclave, which they did promptly, thus disapproving this act of air piracy. A commission appointed by the country's appropriate authorities is conducting an investigation of the incident.

Cuba: Alarcon Returns After ICAO, UN Council Meetings

PA0807235996 Havana PRENSA LATINA in Spanish 0052 GMT 8 Jul 96

[FBIS Translated Text] Ricardo Alarcon, president of the National Assembly of the People's Government, today returned to Havana from New York after leading a Cuban delegation to an International Civil Aviation Organization [ICAO] meeting.

Division General Rogelio Acevedo, president of the Cuban Civil Aeronautics Institute (IACC), and the other members of the Cuban delegation, returned to Cuba with Alarcon, following an IACO meeting in Montreal, Canada.

Alarcon traveled from Cuba to New York where he met with members of the UN Security Council. The Council will debate a report passed in Montreal regarding a 24 February incident in which two pirate airplanes were shot down for violating Cuba airspace.

Cuba: Alarcon on U.S. Strategy at ICAO, Security Council

PA0907045996 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 9 Jul 96

[Report on interview with Ricardo Alarcon, president of the National Assembly of the People's Government, by Julio Acanda and Carlos Iglesia, on 8 July, in Havana — passages within quotation marks are recorded]

[FBIS Translated Text] [Announcer] Here are details of the comments of Ricardo Alarcon, president of the National Assembly of the People's Government [ANPP], made upon his return to Havana from New York, during the "NTV" newscast broadcast at 1230. Alarcon referred to the U.S. strategy at the ICAO [International Civil Aviation Organization].

[Alarcon] "U.S. authorities had prepared an entire strategy. They announced it with great fanfare before the ICAO meeting. They said the matter was going to go immediately to the UN Security Council. Following the ICAO meeting, everything went into a kind of slow motion. The latest thing U.S. Transportation Secretary Pena said was that the UN Security... [pauses] they would begin their actions at the UN Security Council in two or three weeks. He even mentioned three weeks, which puts the matter way at the end of the month.

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"That is one thing. Then, we are proposing and will insist on the Security Council being informed of the whole discussion that took place in Montreal, what the ICAO members as a whole proposed, and what the investigators had to say with regard to the different questions made about the report. That way, it will have a complete picture of what happened."

[Announcer] Alarcon also referred to the U.S. efforts to revamp its strategy after being unable to achieve its objectives at the ICAO.

[Alarcon] "Clearly, the attempt is to restore or revamp the U.S. strategy. The basis of that strategy was for the ICAO to condemn Cuba. U.S. authorities had anticipated that, and even told the press that before the investigators' report came out. There was no condemnation. They failed three times, three times. They failed on three different occasions to get the ICAO Council to issue a condemnation. Now, we have to see what they are going to do.

"One possibility is to be self-critical. It is unlikely [chuckles] that the United States will admit it goofed, that it did not tell the truth, and [words indistinct] path. That is not going to happen. What else is there for them to do? Let us see if they come up with another formula, another mechanism, another strategy to revamp a strategy that was dealt a serious blow."

[Announcer] In discussing the topic of civil aviation safety, the ANPP president said that the U.S. public is concerned about this.

[Alarcon] "There is a highly sensitive climate in the United States on the matter of air navigation safety. That public has an interest in knowing, since there are U.S. airplanes flying close to Cuba, from east to west, parallel to the island, and the paths of U.S. civilian airplanes may, therefore, dangerously cross the paths of uncontrolled airplanes that do not ask for permission, and so forth."

[Announcer] With regard to a discussion at the UN Security Council, Alarcon talked about the failure of the U.S. ploys in Montreal.

[Alarcon] "At any rate, they could set out to do something they did not achieve in Montreal. We arrived in Montreal just with the moral strength of our arguments. That will remain our main weapon in New York, but we have something else, namely, the U.S. failure in Montreal. They hoped to arrive in New York with a decision against Cuba at the ICAO, which they would have imposed. Our moral strength would have had to face not just the Yankee might, but also the endorsement of a resolution, which they did not get."

[Announcer] The ANPP president pointed to the importance of preventing the United States from distorting the truth.

[Alarcon] "It is important for the world to prevent, put an end to, or eliminate the possibility of some distorting the truth in such a shameless manner — frankly speaking, those are the only terms that come to mind — that some may distort the facts in such a crude manner. Today, this could happen to us on account of this incident. This absolute lack of seriousness in conducting an investigation may affect any other country, any circumstances, or even individuals, tomorrow."

[Announcer] Alarcon also commented on the steps Cuba is taking before attending the discussion of the Security Council.

[Alarcon] "We remain in contact with all the Security Council members and others, in particular, with the Nonaligned Movement countries, which have shown a great deal of interest in this matter and have acted in solidarity with Cuba. During an important meeting held in New York, while we were in Montreal, these countries adopted the common stance of insisting that the discussion be objective and pristine, and that a U.S. ploy not be allowed to control or reduce the scope of the Security Council discussion. The Council often meets behind closed doors. It has adopted major decisions for many countries of the world without anybody's knowledge, without giving you [reporters] access to it, and so forth. "We are insisting that everything be done in an open, pristine, and clear manner. That is why we are stressing that it is important that everybody to see the minutes of the discussion.

[First unidentified reporter] "And the resolution, as well.

[Alarcon] "The resolution has at least been published. It must be basis of the Security Council discussion. The Montreal minutes...

[Second unidentified reporter, interrupting] In other words, the discussion?

[Alarcon] "The Security Council members, and you, and the viewers, must be informed of the discussion, what happened there. The answers to many of your questions are there."

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Cuba: Citizens To Use Official Channels To Migrate to U.S.

PA0807150296 Havana Radio Rebelde Network in Spanish 1155 GMT 4 Jul 96

[Report by Roberto Canela; from the "Doing Radio" newscast]

[FBIS Translated Text] A Swedish citizen and another Cuban citizen who were arrested in May and June proved dishonest and selfish in their attempts to trick people into believing that they could help them migrate to the United States. (Olga Tania Gomez), a Cuban citizen who was arrested on 15 June, allegedly facilitated migration procedures for those wanting to leave the country; (Nil Zeraida Perez Obregon de Rolon), a Swedish citizen who was arrested on 4 May along with several Cuban citizens, sold forged migration documents to people wanting to travel to the United States.

It is hereby stressed that those who want to go to the United States must follow the procedures established in this regard and must take the corresponding steps only in the offices authorized to do so and with duly trained government officials.

Cuba: Commentary Views Compensation for U.S. Companies

PA0907013296 Havana Radio Havana Cuba in Spanish 0000 GMT 6 Jul 96

["Station commentary" by Norberto Hernandez; from the "Evening Information Review" newscast]

[FBIS Translated Text] One of the reasons given by the U.S. Government and reactionary circles who passed the Helms-Burton law, which tightened the economic blockade on Cuba, is that the revolutionary government is refusing to compensate the U.S. companies that were nationalized at the beginning of the revolution. That was as false then as it is today. It is a farfetched explanation to try and justify an unjustifiable imperialistic law that has even grabbed Washington's allies and friendly nations with its power grip.

Ever since the decision was made to nationalize foreign companies with properties in Cuba, the revolutionary government has insistently reiterated and explained its willingness to reach an agreement on fair compensation for nationalized foreign interests as the country's economic situation would allow. The U.S. Government was informed that Cuba was willing to pay for the agreed compensations with a portion of its sugar harvests over subsequent years. Washington arrogantly refused, because it thought it could easily overthrow the revolutionary government by using economic pressures, and hence the blockade was implemented. The subversive attacks began, culminating that first phase with the mercenary attack on the Bay of Pigs in April 1961.

The U.S. authorities never sought any kind of settlement with Cuba, because they wanted to make no concessions in accordance with the law, and they always trusted that the revolutionary government would succumb to economic pressures.

Thirty-four years later, Washington still believes that its policy of meddling and interfering in the continent's affairs is viable. It still has not gotten over its mentality from the gunboat era, whereby the United States would install and overthrow Latin American governments in a matter of hours by just sending some navy ships to those countries in conflict with U.S. interests, or by making a simple telephone call to the presidential offices of Latin America.

A few days ago, Wayne Smith, former director of the U.S. State Department's Interests Office in Havana and, therefore, well experienced on Cuban affairs, stated that one of Washington's constant and flagrant lies is that Cuba is unwilling to compensate U.S. nationals who lost their properties on this island in the early 1960's. Washington uses this argument in an attempt to justify its allegation that businessmen from Canada and elsewhere are negotiating with U.S. properties that the Cuban Government had expropriated. Smith said it is a lie that Cuba had been unwilling to discuss the compensation issue. I was the director, he said, for Cuban affairs at the U.S. State Department in 1977 when we began to have a direct communication with Havana. At that time, Cuba acknowledged its obligation to compensate for these assets, Smith further said, and it expressed its willingness to negotiate in this regard.

Despite so many attacks, assaults, more severe economic blockades, and threats, the Cuban Government is still willing today to establish a dialogue with the United States on equal terms to normalize bilateral relations. This is also the desire of most of the Cuban emigres who reside in the United States and abroad.

If Washington insists on crushing Cuba by force, the only reasons for this would be the clumsiness and the arrogance that it has always displayed in its relations with its Latin American and Caribbean neighbors.

Cuba: Fullest Olympic Games Coverage Ever Expected

PA0907040896 Havana Radio Rebelde Network in Spanish 1155 GMT 8 Jul 96

[From the "Doing Radio" newscast]

[FBIS Translated Text] Radio Rebelde is expected to have its fullest coverage ever of the Olympic Games.

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It will be the fullest coverage for many, many reasons. The previous fullest coverage was that of the Moscow Olympic Games in 1980, when we had all available means. Because we Cubans are accustomed to, let us say, Fidel's teachings and because we have even more difficult conditions, we now want to do much more than what we did when we had the most favorable conditions. We will do much more this time.

By the way, I wanted to say that, in this regard, the preparations to broadcast the Olympic Games started when the delegation that went to Mar del Plata was welcomed. There Fidel talked about how the media coverage of the Olympic Games should be. Let use listen, [Felix] Garrido, to what he said:

[Begin recording] [Fidel Castro] We hope to have much more radio and television coverage of the Olympic Games.

[Unidentified reporter] With this, Fidel admitted that there were many difficulties in broadcasting the Games from Argentina and told us what we had to do in Atlanta:

[Castro] We really had to be creative to broadcast what was broadcast. I hope we will not have these problems during the Olympic Games, but we will always find a way. We hope our people will be able to enjoy these events more. I say enjoy, because our people really enjoy this; they really enjoy this. In these events, all of us, in one way of another, swim, jump, or box. I believe that we have broken records on several occasions in one way or another. [end recording]

That was a report we had prepared on the welcome ceremony in Mar del Plata; we saved it, because it was really significant work we had to do, and I believe we are getting ready now. In the next few minutes, we will give more details on how we are going to face this challenge of achieving this objective.

[Garrido] I believe it would be a good idea to talk about the number of hours we will broadcast; the reporters, experts, and commentators; the ideas we have on the sports, schedules, and so on.

Cuba: Balaguer Visits Laos, Meets Prime Minister

PA0907033196 Havana Radio Rebelde Network in Spanish 1700 GMT 5 Jul 96

[From the "National Radio News" newscast]

[FBIS Translated Text] As of today, Jose Ramon Balaguer, Politburo member and head of the Central Committee's Foreign Relations Department, will visit, together with the rest of the Cuban delegation, economic and historic areas in Laos, following his meeting with Prime Minister Gen. Khamtai Siphandon and other officials.

During a telephone interview from Vientiane, Balaguer highlighted the following regarding his current visit to Laos:

[Begin Balaguer recording] This visit to Laos has been very pleasant for us. It has been a long time since a Communist Party of Cuba delegation, visited this country. We have always maintained a close and warm relationship of mutual respect. They have always supported Cuba, on the international front, and in the political arena. This visit has allowed us to see that Laos also has a clear idea of its economic situation, what the country's economic possibilities are, and in what direction development strategies should be aimed albeit the country's difficulties and problems due to a very weak infrastructure. However, in any case, they are very aware of this, and they are working very hard. I told them during the meeting we had and especially, to the president who had personal expressions of warmth and appreciation towards Cuba, of the identity in the political arena. Their decision to maintain solidarity and friendship with Cuba is permanent. [end recording]

Following his visit to Laos, Balaguer will travel to China and the DPRK to meet with party and government officials.

Cuba: Politburo Member Balaguer on Visit to SRV, Laos

PA0807172496 Havana PRENSA LATINA in Spanish 1257 GMT 7 Jul 96

[By special correspondent Roberto Gili]

[FBIS Translated Text] Vientiane, 7 Jul (PL) — A high-ranking leader of the Communist Party of Cuba [PCC] said here today that Vietnam and Laos have definite convictions about the path on which they march in a firm and intelligent manner on a validated and repaired road.

PCC Politburo member Jose Ramon Balaguer told PRENSA LATINA at the conclusion of an official visit to Laos: "I have the impression that this is being done with much intelligence and based on great political and ideological firmness."

Balaguer arrived in this capital around the middle of this week from Vietnam, after having assisted at the eighth Congress of the Vietnamese Communist Party [VCP].

He said: In the two countries "they are convinced that socialism is the only society that can reach the main objective of the revolutions in those territories: the people's happiness."

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Balaguer spoke with leaders of the ruling political forces in Laos and Vietnam, the Lao People's Revolutionary Party [LPRP] and the VCP, respectively.

Balaguer said: "We were able to observe the firm decision the two parties and nations have to maintain their independence and seek new forms of resolving the economic problems they have and have had for years."

"They are certain that in order to be able to carry out a revolutionary process under the current circumstances the party must play a vital role as the cohesive and unitary force capable of making socialism and social justice the direction to be followed without changing the path toward interests different from the interests of the people," Balaguer said.

He noted: "They are working with ideological and political firmness and also very intelligently."

"They are making progress in spite of difficulties, they are growing economically, and we have the impression that both are consolidating their economy and their independence," Balaguer said.

Balaguer commented that, based on the talks he has held and on information he has received, he found that "there is very solid support for the VCP and the LPRP in their respective countries."

He said: "There is trust and faith in what those organizations are doing and in what they can do to face and resolve the people's problems and needs."

He added: "They are certain," he noted, "that capitalism is not the alternative for the masses, especially for the oppressed ones, and that the only real option is socialism, and this is why they struggle."

Balaguer said he is pleased with the results of his stay in the two Asian nations, the first stopover in his tour through Asia.

Regarding his participation in the most important event for Vietnamese Communists from 28 June to 1 July in Hanoi, Balaguer said: "The VCP Congress analyzed the development of the renovation process in the past years, evaluated it, and reached very valuable conclusions."

"This renovation process," he added, "has been valuable and will continue making progress. This process has been reaffirmed as a road for resolving the country's problems, and it has reiterated important political positions by acknowledging socialism as the only possible road and a single ruling party with a well-defined ideology."

Balaguer is of the opinion that "the political conclusions reached at that congress are valid for any revolutionary."

Regarding his conversation with important VCP and LPRP leaders, Balaguer said: "In practical terms, our objectives are common: to work for the people and to maintain our ideas in spite of the crumbling of the USSR and the disappearance of the East European socialist camp."

Besides, he said, "as a result of talks with the two parties we have strengthened our relations."

He concluded by saying: "It was very pleasant to notice that in spite of distance, the historic development of our ties with Vietnam and Laos remains and that there is perceptible love from the leaders and people of the two nations for Cuba, Companero Fidel, and our revolution."

Cuba: Bulgarian Minister Praises National Health System

PA0907041096 Havana Radio Rebelde Network in Spanish 1155 6 Jul 96

[From the "Doing Radio" program]

[FBIS Translated Text] Bulgarian Public Health Minister (Mimi Vitkova) praised Cuba's national health system and highlighted the possibility of bilateral cooperation in this sector with Cuba. This would include the purchase and production of medicines.

(Vitkova) stated that Bulgaria can take advantage of Cuba's experience in the production of medicines, vaccines, and other medical products and that the Bulgarian pharmaceutical industry could export certain raw materials and medicines to Cuba. (Vitkova) also stated that relations between both countries have been traditionally good, but they suffered a pause at the beginning of this decade, due to the changes that took place in Bulgaria.

I hope that my visit will help to reestablish mutual ties, both in the public health and science and education sectors, stated (Vitkova), who yesterday concluded her stay in Cuba.

Cuba: Minister Notes Need To Improve Educational Practices

PA0807150496 Havana Radio Rebelde Network in Spanish 1700 GMT 4 Jul 96

[Report by Humberto Concepcion; from the "National Radio News" newscast]

[FBIS Translated Text] Correspondent Humberto Concepcion reports from Sancti Spiritus on Education Minister Luis Ignacio Gomez's appearance at ceremonies marking the end of the school year:

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[Begin recording] [Concepcion] Gomez said that test scores of students planning to attend centers of higher learning reflect a need for higher quality educational practices.

[Gomez] The problem is that they do not study; the problem is that very often the classes are not good; the problem is that very often the professor does not know the material. Before we talk about graduation requirements, we should talk about teaching and learning requirements. [end recording]

Cuba: Commentary Views Yeltsin's Election Victory

PA0807155396 Havana Radio Rebelde Network in Spanish 1700 GMT 4 Jul 96

[Commentary by Orlando Contreras; from the "National Newscast"]

[FBIS Translated Text] Just as was expected, Russian President Boris Yeltsin won the runoff elections over Communist candidate Gennadiy Zyuganov, in elections without irregularities, according to observers.

Other analysts, quoting Russian sources, said Yeltsin used public funds at his own discretion for campaign purposes. The president of the Russian central bank warned about the effects of those expenditures on inflation in a country already hurt by the purchasing power of the ruble and the impoverishment of vast sectors, especially in the countryside.

In addition, when making an analysis of the elections, Russian sources noted the loans granted to the country by the World Bank and Western banks, as well as the assistance given by the United States, to the point that a well-known U.S. commentator wrote that Washington was betting it all, not only on Yeltsin, but on Russian neo-capitalism.

Support for the current Russian president was reiterated at the recent meeting of the world's seven richest countries, the so-called G-7. In an immense and powerful country, which has seen its industrial production take a nose dive and which has been adversely affected by unemployment, the injection of fresh money from the West and its support for Yeltsin apparently had an impact on the voters from vast sectors, who were concerned about the possibility of a greater deterioration in their personal income.

The Russian president was able to get support from the new rich created by Russian neo-capitalism and from those wishing to be one of them. He also got the support of technocrats, who hold good jobs.

To this we would have to add, quoting Russian and European observers, that both candidates did not have equal access to the media and that the state apparatus was on Yeltsin's side. Under such conditions, the fact that Zyuganov was able to garner over 40 percent of the votes is clear evidence of the people's support.

The analysis would not be objective, however, if we did not bear in mind that Yeltsin's electoral strategy was not to emphasize his government program but to close the road to the return of the Communists by satanizing the sociopolitical experience, which transformed Russia and the USSR from a poor country, full of disease and illiteracy, into a leading world power.

That power was capable of building spaceships, but not modern washing machines; it was able to build supersonic planes, but not efficient stoves; it was able to build batteries for spaceships, but not a single battery for a modest flashlight. Soviet socialism produced highly skilled workers and noble scientists. Soviet socialism produced a great explosion of scientists and inventors, but also a slow and giant bureaucracy that undermined the system.

That is why Yeltsin called on the people to close ranks against a well-managed phantom. That is the qualitative value of the huge number of votes received by Zyuganov, a Communist not attached to the bureaucracy and methods of the past.

Cuba: UBPC Problems at Production Center Noted

PA0707232896 Havana Radio Rebelde Network in Spanish 1155 GMT 2 Jul 96

[Report by Jesus Alvarez Lopez from Villa Clara Province; from the "Doing Radio" newscast]

[FBIS Translated Text] The best UBPC [Basic Cooperative Production Unit] regarding various crops, the Arnaldo Milian Castro UBPC, has been having problems with the province's Agricultural Production/Distribution Center since last year.

Sergio Muniz Perez, the UBPC economist, reports:

[Begin recording] [Muniz] We started having a conflict with the Agricultural Production/Distribution Center in 1995. A contract was signed in 1995. Paragraph 4 of this contract states that the Agricultural Production/Distribution Center would pay us the top and premium rates [tasas de clasificacion y beneficios] in effect for the products we give them, in accordance with the 1995 Circular Letter 1. We started giving products to this center in January 1995. We gave it 29,000 quintals of potatoes in March and April 1995. Since the beginning, we asked the Agricultural Production/

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Distribution Center to pay us top and premium rates for these products—that is, cabbage and the other products we have given them—and the Agricultural Production/ Distribution Center refused to do so since the beginning. We took the case to the Provincial Tribunal's Economic Court [Sala Economica] in July 1995, and it rendered a decision favoring us in August. After that, we told the cooperative members we had to pay the profits in top and premium rates....

[Alvarez, interrupting] How much?

[Muniz] About 117,200 pesos. We learned 15 days later that the Agricultural Production/Distribution Center had appealed before the Supreme Court.

[Alvarez] Has the Supreme Court ruled yet?

[Muniz] Since 26 April, when the Supreme Court handled the motion [words indistinct] the cooperative, and I, we have received no answer. Later, a comrade from the delegation of the Agriculture Ministry, which was interested in the conflict we have with the Agriculture Production/Distribution Center.... [pauses] We told him our position, and the comrade told us the Supreme Court was waiting for our response to render a decision.

[Alvarez] This conflict has not been resolved yet, and I have information that there is another conflict with the Agriculture Production/Distribution Center this year.

[Muniz] Yes. We have another conflict regarding the payment of top and premium rates and the nonpayment of 37,000 pesos [words indistinct] we sold to them during the first months of the year [words indistinct] the Economic Court. We believe we were hurt, because we have to use the credits for the spring corn and sweet potato harvests. Banks are charging us interests on these credits, in addition to the [word indistinct] insurance. What worries us is the fact that we have been unable this year to pay the profits we obtained from top and premium rates in 1995. [sentence as heard] If we pay this amount and then have to return it, we actually do not have the means to pay it; this is a very difficult position for the UBPC directorate, and we still do not know what decision to make in this regard.

In the end, the cooperative members who earn an average wage of 66 pesos and who were unable to receive 50 percent of these 117,000 pesos are the ones who will be harmed. These 58,000 pesos would have represented approximately 400 pesos for each cooperative member. [end recording]

Cuba: Telecommunications Enterprise Announces Goals

PA0907022196 Havana Radio Rebelde Network in Spanish 1155 GMT 5 Jul 96

[From the "Doing Radio" program]

[FBIS Translated Text] One of the short term goals of the Cuban Telecommunications Enterprise in Pinar del Rio is to provide services to towns with over 500 inhabitants, and reach a ratio of 10 phones per every 100 persons.

Results for the year include increasing the number of phones repaired in less than three days by 89 percent, fixing the damaged cable network, and trimming trees to free over 260 km of lines from branches that disturb communications.

Currently, over 600 workers of the Cuban Telecommunications Enterprise in the western area have decided to continue to increase the number of calls, reduce interruptions, and improve team work. In addition, they plan to promote union work in every unit in Pinar del Rio, and reach the goals to commemorate the 25th anniversary of the creation of the communication workers' national union on 26 July.

Cuba: Guardalavaca Tourism Center Development Plan Noted

PA0907022396 Havana Radio Rebelde Network in Spanish 1700 GMT 5 Jul 96

[Report by Jose Arteaga in Holguin; from the "National Radio News" newscast]

[FBIS Translated Text] A new investment program to develop Holguin's Guardalavaca tourism center, in big demand by international tourists, will begin this year.

Holguin province will expand to 5,000 the number of hotel rooms in coming years, mainly in the Guardalavaca tourism center, located 50 km from Holguin's capital. Oscar Bellido, deputy delegate of Cubanacan in Holguin, talked to the "National Radio News" about the 26th July national ceremony to be held in Holguin, and commented on Guardalavaca's development program.

[Begin Bellido recording] Development will be intense. We will almost triple the current capacity, and install additional tourist service facilities. We did not show you the lots we have selected, but in this same area, in the location we will be visiting next, we are planning to build a large hotel shortly. Its construction will possibly start at the beginning of next year.

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We will also build a 200-bungalow villa this year. Villa Las Brisas will be located near the Delta Las Brisas Hotel, in a lot that, as you might have noticed, is currently vacant.

In addition, there is a second phase development program that includes the construction of four hotels east of Las Brisas, in El Cayuelo, which is so far a virgin beach. [end recording]

Cuba: Roundup of Sugarcane Developments Through 7 Jul

PA0807003196

[FBIS Report] The following is a compilation of reports on sugarcane and sugar industry developments in Cuba monitored through 7 July.

In Ciego de Avila, sugar workers are weeding the sugar fields. The sugar workers are planting sugarcane in Matanzas. Matanzas Province already has planted 1,300 caballerias. (Havana Cubavision Network in Spanish 0000 GMT 30 Jun 96)

Sancti Spiritus Province has had exceptional results in the sugar sector. It has surpassed its spring sugarcane planting goal and has had excellent weeding results. It planted 860 caballerias from January to June, an achievement which should help the province obtain all the raw materials it needs for the next harvest. (Havana Radio Rebelde Network in Spanish 1700 GMT 2 Jul 96)

Holguin Province has been elected host of the Moncada Day celebrations. It has produced 44,100 arrobas of sugarcane per caballeria and has placed second in lowest sugar production costs. Holguin also has distinguished itself for its agricultural and livestock production. (Havana Cubavision Network in Spanish 0000 GMT 3 Jul 96)

In Las Tunas, 67 workers' platoons have been formed to prepare the land for sugarcane planting for the cold season harvest. It is expected that more than 1,400 caballerias will have been plowed by September. Approximately 561 tractors will be used to accomplish this task. (Havana Tele Rebelde and Cubavision Network in Spanish 0000 GMT 4 Jul 96)

At the end of June, 19 percent of the country's sugar fields still had weeds. Despite the efforts made in all the provinces, the Sugar Industry Ministry views the weeding effort as insufficient. Eighty percent of the workers mobilized for harvest work are fighting weeds. The idea is to have the sugarcane fields clean so they may absorb all the nutrients in the land. (Havana Cubavision Network in Spanish 0000 GMT 5 Jul 96)

Fidel Castro has congratulated the workers of Las Tunas for their work during the sugar harvest season and for surpassing the spring sugarcane planting goal. Sugar Industry Minister Nelson Torres has said Las Tunas' largest sugar mill milled more than 90 million arrobas of sugarcane with a higher degree of efficiency than in the previous harvest. Las Tunas has concluded its 1995-1996 sugar harvest. (Havana Radio Rebelde Network in Spanish 1700 GMT 5 Jul 96)

Now that the sugar harvest has concluded, the country has fully embarked on the preparations for the next sugar harvest. There are two problems to be resolved: repairing and giving maintenance to the machinery used in the recent harvest and replanting the sugarcane fields. Replanting is at 75 percent so far; this figure has to be improved in order to yield a better harvest in quantity and quality next year. (Havana Radio Havana Cuba in Spanish 0000 GMT 5 Jul 96)

Haiti

Haiti: 'Deadline' Set For Constant's Extradition

PA0907011096 Port-au-Prince Radio Metropole in French 1045 GMT 8 Jul 96

[From "The Morning Newscast"]

[FBIS Translated Excerpt] The hunger strike of the leaders of the Anti-FRAPH [Anti-Revolutionary Front for the Promotion and Progress of Haiti] Organization ended on 6 July. The members of this organization demand the extradition of FRAPH leader Emmanuel Constant by the U.S. authorities. Ansito Felix and his three partners led this hunger strike in front of the premises of the U.S. Embassy in Port-au-Prince for four days. After ending this hunger strike, the leader of this group called the Anti-FRAPH Organization promised to head anti-U.S. actions in Haiti if the U.S. Embassy does not announce a date for Emmanuel Constant's return to Haiti between now and 14 July. In statements to the press, militants of the Anti-FRAPH Organization showed their admiration for Libyan leader Muammar al-Qadhafi.

[Begin recording] [Felix] We speak very clearly and in a very precise manner. We say 14 July is the deadline for the Americans to give the date and day in the month of July for the arrival of Toto Constant and we say that if, after 14 July, they do not say... [pauses] The date of 14 July is the deadline. By the way, you see that we have done all we said that we would do. We have kept our words and have followed things to the letter. We say that if, by 14 July, the men do not say on what day in the month of July Toto Constant will arrive, we will give a hard time to the U.S. imperialists. We say we

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are going to... [pauses] We speak clearly. We say that in July 1915 they soiled our flag and humiliated us. We are going to soil their flag as well. There are internal things in the organization. I cannot publish our struggle plan. But it is certain that what we are going to do will have do to with humiliation, with the men's flag that we say we will soil. Yes, we say we will follow Qadhafi's example in dealing with them. We are clear about that.

[Unidentified speaker] This means that in the organizations ALADA [expansion unknown] and Anti-FRAPH, we say and repeat that we will follow the example of Qadhafi in dealing with them. This is a way to say to whom it may concern that we are ready for all forms of struggle. We have not declared war on anybody, but we will refuse war, should it be with the powerful United States. [passage omitted] [end recording]

Haiti: Senators Vote Modernization of Enterprises 10 Jul

PA0807232396 Port-au-Prince Signal FM Radio in Creole 1130 GMT 8 Jul 96

[From the "0730 Appointment" newscast]

[FBIS Translated Excerpt] Haitian lawmakers are seriously working on the structural adjustment program and the question of privatization of the state-owned enterprises. The lawmakers started working after the minister of economy and finance brought in the bill to the Senate of the Republic. They are ready to vote on these bills. The lawmakers, the senators are getting ready to vote, to start voting the bill on the modernization of the state-owned enterprises as of 10 July.

Meanwhile, the commission, that was formed, is discussing, is working on the bill on modernization of the state-owned enterprises before submitting the results of the talks to the assembly of the senators who will have to vote as of 10 July. The bill on the modernization of the state-owned enterprises was brought in to the Parliament on 4 July by Finance Minister Fred Joseph.

[Begin recording] [Senator Martinez, in progress] ...has decided to analyze the bill in a very short time and as quickly as possible but it did not decide to vote on it immediately. I believe the next appointment is set for next week. I believe that we will be able to start voting this bill on 9 July or, perhaps, 10 July. [end recording] [passage omitted]

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Mexico: Zedillo Views Economy, Corruption, Chiapas

PA0807001196 Mexico City XEW Television Network in Spanish 0330 GMT 6 Jul 96

[Interview with President Ernesto Zedillo by reporter Gilberto Marcos in Monterrey, Nuevo Leon State, on 5 July — recorded]

[FBIS Translated Text] [Marcos] We are here between the Saddle Mountain [Cerro Silla] and M mountain [Montana M] with Mexican President Ernesto Zedillo Ponce de Leon in the hotel in which he is staying during his visit to Nuevo Leon. Good morning, Mr. President.

[Zedillo] Good morning to you, Gilberto, and to all you viewers. It is a great pleasure to be with all of you.

[Marcos] I was discussing with the president his daily routine — the hard work, countless problems, working trips, and the large number of activities of a country like ours — and that the president is the center of so many activities. I asked the president what he does when he wakes up; how he can maintain the high spirits we observed when we greeted him.

Do you follow an exercise routine? Do you do anything special to get yourself going?

[Zedillo] I have to differentiate between the days I stay at home and days like this, when I wake up somewhere else. When I am at home, I begin my daily routine by sitting with my youngest children and, of course, my wife during breakfast. This does not take very long, because my children have to go school very early. Then, I exercise for a long time. Often, I exercise with my wife.

Today was different, but not necessarily unenjoyable. I woke up in this climate that I enjoy — because I enjoy warm climates — and the splendid view here is very uplifting.

[Marcos] Did you get used to this climate in Baja California?

[Zedillo] I recall that I first visited Monterrey in 1966 when I represented my home State of Baja California in some athletic competitions. I recall that the Baja California team did very well, because the weather was very mild, this was during June or July.

[Marcos] Compared to the climate in Mexicali, that is true.

[Zedillo] Yes, that is true.

[Marcos] Do you still ride a bicycle?

[Zedillo] Yes, now and then I still ride my bicycle ...

[Marcos, interrupting] You do mountain biking, don't you?

[Zedillo] Yes, I do mountain bike riding, although I normally jog.

[Marcos] We were talking about your family routine. You have had a reputation of being close to your family since we met you, when you were planning secretary or education secretary. You told us you lived a very strong family life. We understand that you continue living a strong family life, which is obvious, because your wife accompanies you on almost every trip. I am thinking about Mexican families. You used the phrase the family's well-being as one of your campaign slogans. Although recent economic indicators reveal a recovery is under way, many Mexican families cannot find relief for their current economic situation. How can you explain to these Mexican fathers, and to the heads of families, that the situation has improved, or that it will improve?

[Zedillo] It is true that the last year and a half has been very difficult for the Mexican economy. However, the specific effect has been the deterioration of the economic situation of Mexican families. We have had to face a very severe economic crisis, the aspect which concerns us is not what happens to the large numbers — because, in the end, these large numbers are impersonal — but we are concerned for the human aspect — what has occurred to salaries, employment, and the standard of living.

I understand that feeling very well. Everything the administration is doing in economic matters is aimed at the country's rapid overall economic recovery, and above all, that this recovery be felt gradually where we are most interested: parents' pockets and family dining tables. I believe that we are close to that moment. We are beginning to see the first signs of recovery.

I feel very confident that very soon, not abruptly or spectacularly, the people will begin to feel that change, and I know for certain the hope felt today is different from the hope felt a year ago.

[Marcos] What are those economic indicators?

[Zedillo] In the first place, we want unemployment to be reduced sharply. For example, here in Monterrey one of the immediate effects of the crisis was an increase in the unemployment rate. Many mountain region and Nuevo Leon residents lost their jobs overnight. Fortunately, we are now seeing that slowly, every month, those jobs are being recovered. That would be the first stage. At this moment our priority is to recover jobs. Later, as job recovery continues, and as labor, companies, and the overall economy's productivity increases, we will notice

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a gradual recovery of salaries. The urgency right now is for people to have a steady, although modest, source of income, and then, that the salary recovery continue.

[Marcos] You recently called for a debate on the economic model. Many people, however, have asked: Why discuss it if the economic policy is designed, studied, and implemented by very able persons? So why discuss it?

[Zedillo] In a democratic society like the one we, the Mexican people are forging, it is very important to know, discuss, and appreciate the views of all, at least of those interested in participating or who represent some social sector. The cause of all economic short-term evils we are suffering in Mexico has recently been attributed wrongly to the opening, fiscal responsibility, and the policies to reduce the size of the state. There has been an attempt at disqualifying these policies, in which I believe.

I am convinced that these policies are the shortest course for our country's development. The idea is not for authorities to tell the Mexican people to believe in the government's views. No. As we have said, what the authorities should do, is to explain the government's strategy very clearly. This strategy is presented in the National Development Plan, sectorial programs, and my repeated speeches on these matters as president of the Republic.

Those who do not accept this position should express their views saying, not only that what the government proposes is wrong, but presenting their own positive and constructive proposals. In addition, they should make a minimum attempt at demonstrating that their proposal is better than the government's. This is what I mean.

[Marcos] Nevertheless, you said very emphatically in Monterrey yesterday that statism will not be reinstated in the government, at least by your government. This is part of the economic model.

[Zedillo] I am absolutely convinced that Mexico's experience and the international experience that has been presented dramatically to us in the past six or seven years shows clearly that only a genuine market economy offers the possibility of material development and progress that the Mexican people want. The Mexican people want more jobs, higher income, better opportunities for them and their children. This requires a material basis, production, and revenue created in the country.

I am absolutely convinced that this can be provided by the market economy. In addition, there is no conflict at all between this market economy concept and the other genuine, essential objectives of social development and justice, which most of the Mexican people share. It is a fallacy to say there is a dilemma between social justice and a market economy. In fact, I think there cannot be social justice without a material basis, and this material basis is provided by the market economy.

[Marcos] UDI's [Investment Units] appeared as a workable alternative in view of the bitter possibility of losing homes, enterprises, etc. as the result of the late 1994 crisis. It is better to make recourse to UDI's than losing one's enterprise. UDI's value has risen by some 50 percent since they were launched. Are they still a solution?

[Zedillo] Well, the support program for debtors, in particular mortgage debtors, has not been limited to UDI's.

UDI's was the first stage, which started in April or May 1995. Later, an overall program to support debtors was unveiled in August 1995, and a specific program to support mortgage debtors was launched a few months ago. By virtue of this, debtors of this type of credit now have a wide variety of options to resolve their problem.

I want to stress that the government has launched these programs by, first, acknowledging the seriousness of this problem for many families in the country and acknowledging that we must make an effort regarding public finances to support these people, these families, these small-scale businessmen. We have incurred a cost for public finances, not only for 1995-1996, but also for all the years our government will rule. These proposals represent these key efforts within a responsible context. [sentence as heard]

We frequently listen to some suggestions made by groups that intend to represent the debtors' interests by supposedly... [pauses] They suggest that this problem could be resolved at no cost if other formulas were implemented. Well, this is sheer demagoguery. This demagoguery is very inappropriate, very harmful, because these groups forget that the money banks have loaned does not belong to the government, that it does not even belong to the banks' owners. This money is the money savers deposited in banks; it is the money on which they hope interest will be paid.

When we observe these demagogic proposals, we must clearly say that what these groups are proposing is the same as confiscating, I would say, stealing, plundering the money savers have deposited in banks. The government certainly rejects this solution to this problem, because it is a false solution. The money savers have deposited in banks cannot be tampered with; it constitutes their patrimony and is the result of their efforts. These groups are doing wrong by implicitly suggesting that savings be confiscated.

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[Marcos] Mr. President, speaking of debts, on 4 July we heard you saying you were (?Beljas') best friend...

[Zedillo, interrupting] A good friend, a good friend. It is up to him to say if I am among his best or worst friends [laughs].

[Marcos] Speaking of debts, the government of Nuevo Leon State and all Nuevo Leon residents have debts. How are we going to resolve this mess? The private sector insists that the federal government must allocate more resources to this state, which is a very productive state.

[Zedillo] There are several issues involved here. First, we fortunately no longer live in the times when the president of the Republic could whimsically and arbitrarily allocate the nation's budget. I am subjected to a budget that the Congress' Chamber of Deputies discusses and approves. It is a general budget that has many allocations, and a number of regulations must be complied with to make these allocations.

Within the working room the federal executive branch does have, we are working with the state government to alleviate, as soon as possible, a financial situation which we admit is delicate.

In fact, we have already taken the first steps. A few days ago, the Finance Secretariat and the state government reached an agreement that, on the side of the federal government, entails direct financial support for 700 million pesos. On the one hand, it is a debt write-off, and on the other hand, it is a cash support for the state government to be able to continue carrying out certain work it considers to be a priority. This is certainly but one of the several steps we must take in this regard. As far as allocations are concerned, again this is not an issue that the federal government could and must resolve unilaterally. The allocations come from... [pauses] the formulas to allocate the resources stem from an agreement among the entire federation; it is a fiscal coordination agreement.

Each state naturally believes it should get more resources. However, the thing is that what a state could have is detrimental to other states. It is a balance...

[Marcos, interrupting] The thing is that we have said that we have very good arguments, and production is one of them.

[Zedillo] All states have very good arguments. There are economic arguments, and there are social arguments. However, I clearly agree with something: a peso invested in Nuevo Leon is a very well-invested peso, because it is a very productive state. Its degree of industrial development is considerably higher that those of other states in the Republic.

This does have a direct impact not only on jobs; it also has a favorable impact on public finances. This is why we will be working very closely with the governor; we have the best resolve and the firmest determination to start finding the solution to this problem, which you know took many years to brew. We will not resolve it overnight, but we must start addressing it now.

[Marcos] Mr. President, to make matters worse, we are thirsty, and we need water. We have developed ourselves basically based on industrial and commercial efforts. However, even though we are used to this hot weather, as you were in your hometown, the lack of water is a very serious problem, which also requires money.

[Zedillo] First of all, we need water. We need good luck or good weather conditions that will allow us to have rains. I hope that it will rain during this rainy season, because it is the only, let us say, good solution in the short and middle term. In the long run, we must certainly start acquiring new knowledge, a new method to manage and take advantage of water. This will require, among other things, huge investments, such as the ones that have been made in the last few years.

In the very short run, we have made very noticeable budgetary efforts, regarding not only Nuevo Leon State, but also practically all northern states, to funnel efforts not to resolve the situation — I repeat, water is the only thing that could really resolve it — but to somewhat alleviate or diminish the most concerning aspects of this drought.

In some of the events we held on 4 July, specifically at the event held to evaluate the Alliance for the Countryside, we were already commenting on the efforts — not our efforts, but the efforts made by cattlemen and rural producers themselves — the efforts the federal government have been making to support state producers to resolve this problem, which we know has very seriously harmed them. We have already spat in the ocean. We have gone through this economic crisis, and along with it, we have experienced this drought.

[Marcos] Another evil in Mexico is corruption. As you said, we are all fed up with and indignant at corruption. You interpreted the people's feelings very accurately. What specific actions are being or will be taken to end this burden?

[Zedillo] First of all, we must make — and have made — a firm and determined decision, one that should stand up against any circumstance, to enforce the law whenever necessary. It is very important not to be

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considerate when it comes to enforcing the law in cases of corruption. We should not be concerned about raising a commotion or scandal or anything similar that has anything to do with the state of law.

For instance, this week we became very angry when we learned that apparently there was money mismanagement in an important government institution, the Social Security Fund. This means two things. One, very bad, is that apparently there was a fraudulent action. This is just a supposition. I cannot say there was fraud because a judge will have to decide on it through a legal procedure. This is the bad and very painful news. The other, the good one, is that institutions have effectively detected and reported such an act and will effectively prosecute crime in case it has happened.

Another aspect, very important, is the need to change government systems, in particular those that entail direct contact with the population. This change involves a discretionary decision. Whenever a government official makes such a type of decision, there is always the possibility of corruption. Not necessarily all the time, but there is a potential risk. So we have to change those procedures. We are doing it through a very deep and serious regulation process.

The last aspect, equally important, is corruption. There must be two sides for corruption to take effect.

[Marcos] That's where we all come in.

[Zedillo] That's where we all come in. People must make the explicit, flat, conscientious, and willing decision never to accept the shortest, easiest, or less costly course.

[Marcos] The corruption in which people participate takes place for two reasons. Things are expedited when there is a kickback. There is also fear. People are harassed when they want to report an act of corruption.

[Zedillo] I think you are right. There should be a minimum of confidence in institutions. I think there is not a single instance, at least a recent one, in which the law has not been enforced when a person has reported corruption. So there should not be fear. There should be what our forefathers described as civic courage. The government also needs for the people to report such instances with civic courage.

[Marcos] When, 10 days ago, you said we are fed up with corruption, did you mean just economic corruption? I feel that injustice is worse than economic corruption.

[Zedillo] I think those are two different but equally bad things. Corruption is a clear violation of law. It is bribery. It is using a public position to illegally obtain a certain benefit. It is pressuring the people for illegal purposes. Corruption is all that we know and repudiate.

[Marcos] And injustice?

[Zedillo] Well, it is ignoring the spirit and letter of the law when a person is victimized by circumstances. There certainly is an incomplete task, to construct a better system for the administration of justice so the people can feel and be sure that they are protected by the state of law.

[Marcos] I am thinking about Chiapas, which, more than being just the name of a state, seems to have become a symbol of an important national contradiction. Do you feel a solution of this problem is close?

[Zedillo] Well, the issue has several sides. There is a very profound matter that has little to do with what happened in our country in the past few years or decades. It is a problem of centuries. It is the problem of poverty, social injustice, backwardness, and the marginalization of a large population sector, the Indians in Chiapas.

This is a problem we have to solve gradually through a far-reaching and compensatory social policy that takes education, health, and basic services to these people.

All that is within a framework of respect for the culture of these Mexicans, the Indian peoples, who are our brothers.

The other problem is the expression of violence at the beginning. Fortunately, this dissatisfaction was expressed at the beginning only and over a very short time by a single group, the EZLN [Zapatist National Liberation Army]. I am very confident that there will be a solution, which we have been approaching. It is very significant and encouraging that the expression of the ideas of this group through its leaders has changed radically. In January 1994, this group spoke of revolution, declaring war on the Mexican Government, destroying or rather toppling the government, and establishing a socialist government. This is what they said.

These are not my words but theirs.

In other words, they spoke of a revolutionary and violent way to make a change.

At present, these same leaders are speaking of democracy, negotiations, and political change. This is remarkable because it happened in a short one and a half years. This is to their credit, but I think it is also to the government's credit to have always insisted that the only solution to this conflict is dialogue and political means.

[Marcos] Mr. President, aren't you concerned about Guerrero State?

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[Zedillo] A few days ago we had an unfortunate incident in Guerrero State, because an armed group carrying illegal weapons broke into a public meeting and made violent and aggressive demands against the state. Although they did not resort to physical violence against anyone present, the incident is a cause for concern.

In truth, it is too early to make a reasonable judgment regarding that incident, because we do not know who these persons were, what their interests were, and who financed the weapons they were carrying. From the start, we decided to apply the law. On one hand, the Office of the Attorney General of the Republic has begun an investigation, because a crime was committed — they were in possession of illegal arms — and must be punished; on the other hand, the Mexican Army has also begun conducting inspections in accordance with the Federal Arms Law. When we have gathered more information regarding these individuals, we will evaluate the seriousness of this incident.

[Marcos] While all this goes on in Guerrero State, while negotiations continue in Chiapas State with the EZLN, and while the political parties hold a dialogue in Mexico City, I heard the deputy government secretary say yesterday that the revision of the electoral system and of the state were at risk. If they are at risk, where could this lead?

[Zedillo] Well, I believe that when one is trying to reach a wide-scale agreement, one is always aware that he has begun a difficult task, because the task is of great importance. Significant tasks are always more difficult. In that sense, a risk does exist. However, I am fully confident that if the political parties continue to participate in good faith in these negotiations, if the legislators do what is correct, we will reach very satisfactory agreements, as has already occurred regarding these issues.

Obviously, we are going through a very important period, because I feel we are reaching the final stage of the negotiations. This gives rise to certain doubts and tensions, because of the natural confrontation between different points of view and different proposals. However, I am very confident that we will be able to achieve the electoral reforms that I have referred to as a definitive electoral reform.

[Marcos] Let us hope so. Mr. President, in some of your answers you stated that one cannot make unilateral decisions, that the president cannot make a arbitrary decision on this or that subject. However, traditionally, the president of Mexico has been like the axis of national life, and you want to end that. I mean that you want to reduce the president's power. Why?

[Zedillo] Gilberto, my point of view is very clear. The powers and responsibilities of the executive are very clearly defined in the Constitution. The Constitution has a much broader concept of the state, which includes three branches, and the equilibrium that should exist between these three powers. The president of the Republic must contribute his share to honor that constitutional principle, which I believe all Mexicans share.

A very important aspect is that the president must adjust strictly to the exercise of his constitutional powers, allowing the other branches to exert their powers. Of course, this includes allowing society to play its role in the task of national development.

I am completely aware of the significance of my responsibility. I have said it is easy to be an authoritarian, or arbitrary president, because the office of the presidency, with its constitutional powers, has enormous power to command and execute. It would be very easy, during the daily exercise of that power, to exceed this power. Therefore, I say that it is difficult to limit myself to exerting the powers invested in me by the Constitution through the popular vote.

[Marcos] Then, why not choose to be the big boss?

[Zedillo] Thanks to the work of all Mexicans, I want to make our country fully democratic, and that results from the responsible use of government power.

[Marcos] However, there are persons that would like to continue that presidential system at all costs.

[Zedillo] We have a Constitution, a presidential system. Perhaps some people wrongly believe that an authoritarian presidential system is better that a democratic presidential system. That is a mistake. However, I believe if there are such persons, they are a part of minority of Mexican society.

[Marcos] Speaking of concerns, we have noticed in the last few months a regrettable increase in crime, violence, corruption, and public insecurity. What guarantees could the president of the republic give Mexican citizens regarding the fact that what we are experiencing is coming to an end or is being curbed at least?

[Zedillo] We have to do it and will do so. I believe this issue is one that has three aspects. First, we have a legal problem. We have to, as we are indeed doing, update our laws to make them address the problem of crime our country and many other countries are experiencing. Unfortunately, this problem does not pertain to Mexico exclusively. There is an emerging crime wave in the world, and this matter is a serious one. It could perhaps have to do with neglecting certain, basic values concerning humans in general.

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We must change the laws, and we are doing it. We now have the constitutional basis to have laws against organized crime. As far as I am concerned, I have promoted stronger sentences for criminals, and we are promoting—we have already done it because Congress has approved it—a more rigorous description of the basic aspects needed to combat such crimes as so-called flagrancy. I believe these legal elements just coming into effect in Mexico City, regarding what I was referring to in the second part, and in the nation, regarding organized crime, are going to give us some means.

We also have the problem with institutions. The truth is that our public security and judicial administration institutions fell short, given the country's size. This has entailed very serious vices such as corruption, inefficiency, obsolescence, and problems with equipment we are just beginning to resolve; unfortunately, we will not resolve them overnight. This work will require a great deal of determination and will yield the results we expect only in the midterm.

The third aspect regards culture, which pertains not only to the government but also to society, to society and the media. We have to restore or reemphasize certain, basic values that oppose and prevent antisocial behaviors triggered by crime; unfortunately, this task is a very difficult one, perhaps the most difficult one we have, but we must try to do it. All of us, particularly the government and parents, as well as common citizens and the media, are responsible for doing this. Not many weeks ago, I made a call on the media to assume part of this responsibility, because the media unfortunately have spread a culture of violence. One turns on the television and half an hour later, one feels there are dead people scattered in our rooms. This is very bad. We have to.... [pauses] I believe self-censorship, not the people's power, must start changing this.

[Marcos] The point is that television did not traditionally show these things that really happened. If a crime were really occurring, if there really were bloody events, the media must report it, perhaps not in excess; this point is to what you were referring. The media must report what really goes on so people will be careful and avoid it.

[Zedillo] I believe several aspects are involved here. I am not referring to information matters only. I am referring to entertainment aspects as well. There is a culture of violence even in the cartoons our small children watch. Everything seems to be resolved by dealing blows. The good, calm, disciplined, and kind individuals are not necessarily stressed, and I believe this problem is a very clear one we must tackle.

The other aspect deals with the information itself. You are right; there are incidents that happen every day, and one has to report them. It is true, but it just happens that what we show is bad, because every time we.... [pauses] for each crime or each deviation in social conduct, there are millions and millions of nameless heroes in our country who are behaving in a civilized manner, working, striving, taking care of their families who are making efforts, but this is not newsworthy, and these deeds are good ones. If we systematically report on violent actions, the time will come when people will think this is what life is all about. This is not true; these are the exceptions.

[Marcos] Now that you mentioned this issue, I was thinking about something we have done. In an accident involving 50 bus passengers, three of whom die, we report on the three dead people instead of reporting on the 47 survivors.

[Zedillo] This is one of the types of approaches we have to start changing.

[Marcos] Speaking of recovery, there is something that concerns us and that could turn into something truly serious for the country. We must not lose our confidence in Mexico as a viable product. Aren't you concerned about this confidence?

[Zedillo] It concerns me because I am convinced one of the essential aspects needed to move forward faster and with more clarity and strength is confidence in ourselves. I cannot forget that our confidence in 1995 in the midst of the economic crisis.... [pauses] the confidence we have in ourselves, in Mexicans was adversely affected. I would even say our self-esteem was seriously harmed, but I believe we have many arguments now to recover this confidence. I am not talking about confidence in the government, the president of the Republic, or government officials. I am talking about something much more significant; that is, confidence in our fellow nationals, our country, confidence in those nameless heroes to whom I was referring a few minutes ago, those millions of Mexicans who make efforts every day to move forward, to work, to support their families, those Mexicans who work every day based on the civic and moral values in which they believe and who fight for a better fatherland. We Mexicans have a great deal of strength. True, we have weaknesses, but our strengths are highly superior and better than our weaknesses.

[Marcos] You have to give me the recipe for your strength and confidence, because your six-year presidential term started differently from the others. I wonder about from where you obtained this strength to promote this very difficult impetus and this confidence.

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[Zedillo] This responsibility is one I acquired through people's votes, and it is something I have to....

[Marcos, interrupting] A commitment....

[Zedillo, interrupting] It is something I have to honor and am honoring with pleasure. I am honored to have this responsibility, which is the best incentive I have. The example people have set, the example people have set is also the best incentive. I have seen no Mexicans who give up, feel defeated, neglect themselves. I see people who strive a great deal, who have experienced major vicissitudes throughout their history. These are people who have moved forward and who will continue to move forward.

[Marcos] This will continue to be so, will it not?

[Zedillo] Definitely.

[Marcos] We started from the bottom, but we have done well.

[Zedillo] These efforts will yield very generous results for all of us.

Mexico: Zedillo Allegedly 'Abandoned' Democracy Commitment

PA0807155096 Mexico City LA JORNADA in Spanish 5 Jul 96 p 1

[Article by Emilio Zebadua: "Zedillo Takes Sides" — received via Internet]

[FBIS Translated Text] Maybe the *concession-making* in Huejotzingo was the straw that broke the camel's back or perhaps it merely happened that the natural ties that exist within the PRI's [Institutional Revolutionary Party] state apparatus finally prevailed. The fact is that Mexican President Ernesto Zedillo has definitely abandoned his commitment to a democratic transition and taken sides. The president has joined the actual forces that have given him enough support to continue ruling; however, they are much less legitimate than the 17 million votes that took Zedillo to office according to the official results.

Zedillo's turnaround might seem to be insignificant from various standpoints: His government programs were never intended to break from the neo-liberal plan, and they even became frankly unpopular after the peso was devalued. The implementation of the financial adjustment has adhered to the most orthodox criteria; it has, in fact, imposed a cruel transfer of wealth on the people during this six-year period. The structural reforms that the government intends to enforce in the economic realm are only a logical continuity of the "Salinas" project; therefore, what has changed is the *political* formula in order to achieve the *economic* objectives.

During his administration, President Zedillo has attempted to implement various formulas, all of which have been unsuccessful thus far. The original formula implied a fragile equilibrium between some PRI factions, including the faction of former Mexican President Carlos Salinas, and it maintained a special place for the PAN [National Action Party] under Diego Fernandez de Cevallos' leadership. However, this plan did not last very long. The crisis that resulted from devaluing the peso overthrew this loose alliance and broke up the equilibrium within the regime. Henceforth, President Zedillo has been unable to recover or even to reestablish agreements of coexistence among the PRI political groups.

Therefore, in order to compensate for the force that it had lost as a result of devaluing the peso, the government initially leaned on the Mexican Army and the U.S. Treasury Department. This enabled the president to leave behind the most serious period of this crisis. Nevertheless, it is impossible to govern Mexico only with the Armed Forces and the U.S. Treasury Department; therefore, Zedillo was forced to reformulate his alliances during 1996. At the beginning, the choices before him appeared to be very broad: the PAN leadership then urged him to make a statement "in favor of democratic transition" to make him draw away from the PRI's most reactionary group.

In various circumstances, President Zedillo has had the opportunity to choose fair (and law-abiding) solutions to the existing conflicts in various states in southern Mexico. A single one of these solutions alone could have modified the political calculations of an important segment of civilian society; however, the president has given up this possibility over and over again. Instead, Zedillo has given Ruben Figueroa all sorts of privileges in Guerrero State, while a hug was enough for Roberto Madrazo to undermine the efforts to achieve reconciliation in Tabasco State.

Zedillo has taken sides during each of these actions. (Even the doors of Los Pinos presidential residence have been closed to his former superior Carlos Salinas.) For this reason, the original political formula has been dissolved. The democratic transition is in suspense: the PAN is no longer certain that the regime will offer it better advantages for the 1997 elections; it has rather observed how the "governors' union" has been besieging the president. Meanwhile, the PRD [Party of the Democratic Revolution] can no longer have much confidence in the achievements of state reform. In addition, the PRI is getting ready to finally expel the "Salinas"

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inheritance, which includes some of the fundamental elements for the country's "modernization."

Therefore, the democratic transition has been left in suspense; however, these conditions are such because Zedillo lacks his own project for the nation. What is most absurd of all in this is that although the president lacks objectives, it is enough for him to continue ruling to have the support of the Mexican Army, the U.S. Treasury Department, and a group of the traditional PRI.

The favorable evolution of the main macroeconomic variables and the PRI members' expectations to maintain control over Congress further reduce Zedillo's need to recommend true solutions to this crisis. It is very likely, nonetheless, that the president will soon find out that the party that he has chosen will take him nowhere.

Mexico: Roundup of Economic Developments Through 8 Jul

PA0807235796

[FBIS Report] The following is a compilation of reports on economic developments in Mexico monitored through 8 July.

According to a 3 July, Queretaro, Quintana Roo State report, the Associated Civil Engineers, ICA, group will start construction in December of the Malaysian Bacun hydroelectric project, said to be one of the most important projects of its kind. (Mexico City NOTIMEX in Spanish 0900 GMT 3 Jul 96)

The National Institute of Statistics, Geography, and Information Science (INEGI) has reported that mineral and metal mining industry production increased 3.2 percent during the first four months of the year. Copper production rose by 7.1 percent and zinc by 2.7 percent, while lead production fell 20 percent. Among nonmetallic minerals, fluorite and sulfur production rose by 18.5 and 11.2 percent, respectively, while gypsum production fell 19.1 percent. Gold production increased 18.1 percent, but silver fell by 2.7 percent. (Mexico City LA JORNADA in Spanish 4 Jul 96 — received via Internet)

According to a 4 July, Cancun-datelined report, Tourism Undersecretary Ricardo Ampudia has announced that the Tourism Secretariat this year will earmark $25 million abroad, and $20 million domestically to promote Mexico as a tourist destination. (Mexico City NOTIMEX in Spanish 0814 GMT 4 Jul 96)

Since the implementation of a U.S. embargo on Mexican tuna, netting and packing activities at the major tuna producing ports, such as Mazatlan, Sinaloa, and Ensenada are almost paralyzed. This situation has forced 20,000 people into unemployment and has hurt the income of 25,000 others. Only 40 out of the 57 fishing boats from the major fleets remain operational. (Mexico City LA JORNADA in Spanish 4 Jul 96 — received via Internet)

The Banamex-Accival Financial Group has stated that the federal aid programs for private banks, estimated at the end of June to have totaled 148 billion pesos or 6.6 percent of the estimated 1996 GDP, have begun to protect bank loan portfolios from further decline. The group has said that the banking system's overdue portfolio totaled nearly 111.4 billion pesos in April. This is a 12 percent increase over 1995 closing figures. (Mexico City LA JORNADA in Spanish 4 Jul 96 — received via Internet)

The National Banking and Securities Commission (CNBV) has urged some banks to carry out a second portfolio sale and others, which have not concluded their 1995 capitalization programs, to "get cash" in order to lower the level of bank leverage and replace, as market conditions will allow, issues of simple and convertible subordinated debentures. (Mexico City EL FINANCIERO in Spanish 5 Jul 96 p 4)

According to a 7 July, Mexico City-datelined report, a Mexican government report states that Mexican insurance industry revenues increased 27 percent during the first quarter of this year. Revenues totaled 7 billion pesos ($920 million) compared to 5.5 billion pesos ($723 million) in the first quarter of 1995. (Madrid EFE in Spanish 0733 GMT 7 Jul 96)

Mexico: New Information Sources on 'System' Cited

96CA0239A Mexico City REFORMA in Spanish 20 Jun 96 p 1

[Commentary by Lorenzo Meyer, Colegio de Mexico historian and international relations specialist: "The New Information" — received via Internet]

[FBIS Translated Text] **The Nopal Curtain**

More Mexicans are familiar with the nature and practice of Mexican politics today than ever before in our history. It is not that the old political system has ceased to exist; rather, it is not strong enough to continue hiding all of the skeletons that have accumulated in its closets.

The real "nopal curtain" was not the one that for many years served to keep the country relatively isolated from the rest of the world; it was the one that the political class spread around itself to prevent outside scrutiny. Indeed, since there was really no political struggle between the government and the opposition (for decades the opposition itself emerged only sporadically), the real

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political process unfolded as an interbureaucratic struggle inside the palace, hidden from the outside world. Things have changed somewhat, because although the spirit that built that curtain is still alive, the curtain itself now has huge holes that allow us to see as never before the processes that are the raw material of Mexican politics. The spectacle is depressing but very useful in showing the true nature of power in Mexico and the reasons why we must change it.

Information Is Power

Power is something more than information, but without information power cannot be exercised fully. For a long time relevant political knowledge in Mexico was concentrated and retained in the upper echelons of the political class. Putting out little information and much disinformation was, and still is, one of the tools used by those who have monopolized power through a party of the state. Nonetheless, and in spite of everything, things are changing. On the one hand, an increasingly aware and active society is demanding, seeking, and even finding, by itself, the information it needs. On the other, in its period of decadence the political class is full of internal rifts, and as part of the fierce internal struggle some bring to light compromising details about others in order to discredit them. Finally, there is also pressure from the outside world, in particular the United States, which today provides and demands data and knowledge about Mexican life as it never did during the era of the "Cold War."

Information Extracted by Society

The most interesting and constructive type of new information is that which society itself has extracted from "the people in charge." One example is the demand by a nongovernmental organization, the Civic Alliance (AC), that the Office of President of the Republic make public the amount and intended use of the budgetary funds directly available to it. Only if Mexican society knows what the bureaucratic structure of the presidency exactly is, the public funds that it manages as such, the president's and the top bureaucracy's statements of net worth, and their salaries and many generous bonuses, can it begin to have available the minimal tools it needs to demand accountability and try to put limits on the president's enormous, long-standing, and harmful discretionary power.

It was not until the AC filed a successful amparo against the executive branch's refusal to release the information which the alliance has asked it for since 1995, that a properly informed public discussion could begin on the issue of this branch's funding. The Office of President tells us today that the president's salary is just 59,139.26 pesos. That may be, but we all know that in Mexico the official salary of a president or cabinet secretary is the least significant part of their real income, since this is symbolic income; otherwise, none of the former presidents could lead the sort of lifestyle they do. No, what needs to be done is to make public and to discuss a list of all, absolutely all, of the forms of income of the president and his staff (perquisites, Christmas bonuses, gifts, secret funds, etc.), as well as their statements of net worth at the beginning and end of their terms. This is the case in any modern country, but not in Mexico. It is equally important to ascertain in detail how the 31 billion pesos appropriated in 1996 for the famous "Section 00023" ("Wage and Economic Provisions"), which the president controls, are being spent. This section includes both the Wage Program for Civil Servants, which totals a far from negligible 19 billion pesos, and "concept 7300" (the "secret funds"), which today totals 650 million pesos and which the president can spend at his discretion. As AC rightly pointed out, not even the President of the United States has available as large and unverified a budget item as the Mexican president does. In short, we now have some of the tools to try and penetrate the mysteries of the president's accounts and the will to use them. But this is just the beginning; we still have a long way to go before we can rein in an executive branch that even today operates without any real limits.

Washing the Government's Dirty Laundry in Public

The reference to the income of "civil servants" close to the president leads us straight to the copious information that is surfacing in the wake of the fierce struggle within the political elite. One good example is the data that have come to light about Raul Salinas' foreign bank accounts; another is the facts that were mentioned in the interview that Javier Solorzano of Multivision recently did in New Jersey with a man who has been expelled from the political class: the deputy attorney general of the republic, Mario Ruiz Massieu.

In this two-hour interview Ruiz Massieu, who ought to know what he is talking about, asserted: "The system gives money away (to its senior officials).... If the Office of the Comptroller were to pursue those whom it has direct orders to pursue, if it were to pursue them all (the ones whose wealth cannot be explained by their salaries), the government would be without officials, from the president all the way down to the lowest director general." As an example Ruiz Massieu mentioned the names of two mid-level civil servants who are noteworthy for their lifestyle in a poor country: Roberto Ortega Lomeli and Mario Melgar.

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As for the wonderful world of bonuses, gifts, and extras that the government gives to "top-level civil servants" (what the political class gives itself in order to hold itself together), the former deputy attorney general, who is a fugitive from Mexican justice, cited as an example the case of former Attorney General Jorge Carpizo ("an honorable man," he said). Carpizo, while earning a nominal salary of 12,000 pesos a month, received close to 30,000 plus a like amount "for being attorney general" (?) [question mark as published], a monthly check for 250 million old pesos ("I saw it; I gave it to him"), which he did not have to account for, as well as quarterly and half-yearly bonuses of an indeterminate amount (REFORMA, 12 June). Mario Ruiz Massieu thus explains the 9 million pesos that a former aide of his, Sergio Stegios, deposited in his name in the Texas Commerce Bank. According to Ruiz Massieu, over 15 years "of service" the Mexican Government gave him this sum of money, which cannot be justified from any ethical standpoint, because according to him this is literally the way the Mexican political system, which Ruiz Massieu described as "magical" and "amoral," operates.

At times the infighting among those in power leads someone to leak information, channeling it through the enemies of the system to maximize its political impact. This would seem to have been the case, for example, with the Tabasco PRI [Institutional Revolutionary Party] documents related to the 1994 electoral campaign, which Andres Manuel Lopez Obrador, the leader of the PRD [Party of the Democratic Revolution] opposition, received early one morning in 1995 in the country's capital. After displaying the documents, which showed that the party of the state spent 237 million pesos for electoral purposes, Lopez Obrador proceeded to turn them over to the Office of the Attorney General of the Republic (PGR) and to file charges against the governor of Tabasco, Roberto Madrazo. As we know, these charges led to proceedings in which the PGR confirmed that Roberto Madrazo did, in fact, have at least 128 million pesos available for his campaign, a sum that far exceeds the legal limit. Now that the floodgates have been opened, information continues to flow, and the suspicion today is that some of this money could have come from "money laundering" by former banker Carlos Cabal Peniche, who is a fugitive from justice (EL FINANCIERO, 14 June). In spite of the overwhelming evidence, Governor Madrazo refuses to resign (President Zedillo has pledged, after all, to govern with him until the year 2000), but his lack of legitimacy will prevent him from operating effectively, as it will the system at large.

In short, when we speak of vested interests that prevent Mexico from moving toward democracy, we are talking literally about huge sums and very specific individuals.

Outside Information

Finally there is the information from abroad. Today such information is in greater supply and much more critical than it was in the past, inasmuch as owing to the end of the Cold War the great powers no longer feel obligated to sustain authoritarian regimes like Mexico's in anyway they could, and thus they can afford to be more objective in judging these regimes.

Amnesty International (AI) reports that in Latin America in 1955 torture, extrajudicial executions, and impunity for human rights violators were common in Mexico, Brazil, Colombia, Peru, Guatemala, and Haiti. The reports and recommendations of the National Commission for Human Rights (CNDH) do not contradict but rather largely confirm AI's assertion. Moreover, and in the wake of the unprecedented loan that Washington offered Ernesto Zedillo's government last year, it demanded the periodic publication of economic data that the Mexican Government used to keep secret, such as changes in the amount of foreign-exchange reserves.

The international press, for its part, has become less obliging with the Mexican Government. THE NEW YORK TIMES recently (5 June) reported in great detail how Raul Salinas, using false names and with special help from Citibank in Mexico, took $80 million out of the country, moving it without difficult to New York, England, Switzerland, and the Cayman Islands. And NEWSWEEK disclosed that a source with connections to drug cartels reported that some of the money that Raul Salinas handled through Citibank could have come from drug trafficking.

Summing Up

Information is power, and today for good and bad reasons Mexican society is better informed about the modus operandi of its political elite. Still, in order for this information to become as effective as it could be for the defense of the collective interest, it remains to: a) institutionalize the flow of information, and b) create the conditions to translate this new knowledge into policies that will put an end to traditional impunity.

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Guatemala

Guatemala: Report on Officers' CIA Links Dismissed

PA0807223996 Guatemala City Televisiete Television in Spanish 1900 GMT 8 Jul 96

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Defense Minister General Julio Balconi Turcios dismissed a report published by a morning newspaper today, linking three military officers to the CIA.

[Begin recording] [Balconi] The president has already issued precise instructions regarding those documents. They have been turned over to the Public Prosecutor's Office, which will conduct the investigations on what could be considered a report. Therefore, if there are any names, prosecutors will conduct the investigations to establish each person's responsibility.

[Unidentified reporter] Does the Defense Ministry have any knowledge about the anonymous document that was circulated?

[Balconi] Look, that anonymous document was circulated, I think, three or four months ago. That is the one the newspaper published again.

[Reporter] Minister, the report says [Peace Commission member] General Otto Perez could be involved.

[Balconi] Look, it is not a report. Instead, the newspaper has published the contents of an anonymous document that, like I said, circulated three or four months ago. The newspaper only includes the contents of that anonymous document. [end recording]

Panama

Panama: President on Free Port Law, Banking, Extradition

PA0807205396 Panama City Circuito RPC Television in Spanish 1700 GMT 6 Jul 96

[From the "Midday Television News" newscast; passages within quotation marks are recorded]

[FBIS Translated Text] President Ernesto Perez Balladares has announced the holding of a cabinet meeting in Colon Province and changes in the Colon Free Port Law, the national banking system, and extradition matters. Alexander Calderon and Juan Burgos have the story:

[Calderon] During an impromptu breakfast with the media, the president disclosed that the cabinet council in Colon will take place on 11 or 12 July and downplayed criticisms of his government's policies on this province. He pointed out that the development and creation of new sources of jobs are expected with the opening of the country's three largest ports in the area.

[Perez Balladares] "We are trying to find a way to have more job offers. However, sometimes I have the impression — pardon me if I am a little bit rude, but I am being realistic — I have the impression that many people do not want jobs, but phantom jobs in government. This we cannot allow under any circumstances, first because there is no money and, second, because it would be a return to the vicious cycle that triggered the current economic slowdown."

[Calderon] Likewise, he pointed out that adjustments on the implementation of the Colon Free Port Law will be made, adding that this law is almost impossible to enforce as it is.

[Perez Balladares] "I do not have the slightest doubt that it was drafted in an extremely demagogic and impractical fashion. It was done as if it were not to be put it into practice; it was done as if not to meet the demands of a society that was demanding something, knowing fully well that it could not be implemented. I am not blaming President Guillermo Endara. He vetoed it precisely because of this; he accused those who promoted this irresponsible law."

[Calderon] The president also reported that adjustments in the Panamanian banking system will be made, which is something on which a special commission is already working.

[Perez Balladares] "The new banking laws have to address this issue; however, it must also address the issues concerning other financial institutions, not only banks. There are financial, leasing, and insurance companies. We are attempting to create an entity that could take charge of the entire financial sector to prevent what has happened in other countries from happening here. In these countries, banks started investing in other companies such as insurance companies and, I do not know, real estate companies; then, there is a collapse, and this collapse does away, not only with banks, but also with a bunch of related companies."

[Calderon] He added that the law on extradition, especially that concerning such highly dangerous inmates as Jose Castrillon Henao, is another law that will be changed.

[Perez Balladares] "This is a problem consisting of having to manage scarce resources and doing what we are doing, taking care of a drug trafficker who could escape, employing police agents who could be patrolling the streets, and using a number of prison resources that

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could be devoted to education, health, and matters that really affect us. It is not a matter of whether we are... [pauses] We do have it, but we would rather allocate our scarce resources to other matters."

Among other issues, the Panamanian president affirmed that there is nothing tangible yet on the exploratory talks with the United States regarding a U.S. military presence beyond the year 2000. Perez Balladares claimed to agree with the bishops' latest statements, adding that the possibility of summoning legislators to special sessions during the second half of August is being examined. He explained that he does not favor any candidate for the Revolutionary Democratic Party's internal candidates who will participate in the election of the members of the Legislative Assembly's Board of Directors.

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Argentina

Argentina: Attack on Senator Menem's House Detailed

PY0807215396 Buenos Aires TELAM in Spanish 1054 GMT 7 Jul 96

[FBIS Translated Text] Buenos Aires, 7 Jul (TELAM) — Last night five unidentified people attempted to enter the residence of Senator Eduardo Menem and wounded two of his guards, one of whom died at the Pirovano Hospital.

Interior Minister Carlos Corach reported that President Carlos Menem has issued instructions to take all the measures required to clarify this incident.

At about 2300 on 6 July, the attackers attempted to enter the senator's residence at 1035 Lidoro Quintero Street in Nunez District in Buenos Aires. The attackers used two vehicles.

As the attackers were attempting to enter the residence's garage, they engaged in a shootout with the guards, wounding two of them. One of the guards died at the Pirovano Hospital shortly afterwards.

Police sources reported that the attackers left the site after encountering resistance. The attackers fled in a Fiat Ducato pick-up truck and a Volkswagen Golf car.

Interior Minister Carlos Corach pointed out that President Carlos Menem issued concise instructions "to take" all the measures "required" to clarify this incident.

Corach met high-ranking police officers and government officials at the Federal Police Central Department.

Chief of Cabinet Jorge Rodriguez, Federal Police Chief Adrian Pelacchi, and Security Secretary Brigadier Andres Antonietti participated in the meeting.

Corach pointed out: "The president issued instructions for us to take all the measures required to clarify this incident." He announced that the people responsible for the security areas would hold a meeting within the next few hours to pursue the investigations.

The police sources pointed out that, during the attack, the senator and his family were inside the residence and were unscathed.

Argentina: Police Head on Attempt To Enter E. Menem's Home

PY0807223296 Buenos Aires TELAM in Spanish 1602 GMT 7 Jul 96

[FBIS Translated Text] Buenos Aires, 7 Jul (TELAM) — Following the attack perpetrated on the evening of 6 July against Senator Eduardo Menem's residence by unidentified people, Police Superintendent Pablo Garcia, federal police deputy chief, noted today that the senator is in good condition. During the attack, one guard was killed and another one was injured.

A few meters away from Eduardo Menem's residence, Garcia told the journalists: "We are not ruling out the possibility of a robbery attempt. Violence has established itself. Considering other incidents in this city, we do not rule out the possibility of (the attackers) attempting to seize the house and [illegible] their surprise, encountering a reinforced guard."

[Buenos Aires TELAM in Spanish at 1356 GMT on 8 July in a similar Buenos Aires-datelined report adds: "Senator Eduardo Menem announced today that shortly before the 6 July attack on his house, which he described as "cold-blooded," he received a series of telephone calls. When someone in the house answered these calls, there was no response on the other line, he said. On 7 July, President Carlos Menem and other government officials visited Senator Eduardo Menem, whereas political and social circles condemned the attack. Superintendent Pablo Garcia, federal police deputy chief, emphasized that the investigators are not ruling out the possibility of a robbery attempt. He emphasized that the criminals 'did not use submachine guns or long-barreled weapons' to make them consider the possibility of an attack with political motives."]

Argentina: Menem Comments on 'High Levels' of Tax Evasion

PY0507185896 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2139 GMT 4 Jul 96

[FBIS Translated Text] Buenos Aires, 4 Jul (NA) — President Carlos Menem emphasized today that tax evasion totals 10 billion pesos per year in Argentina. In this regard, he charged that "a veritable criminal organization has installed itself" in the meat-packing industry.

Menem made these remarks during a ceremony to present the new, Argentine-made Peugeot 306 model. The ceremony was held at the Sevel plant in El Palomar.

Sevel President Francisco Macri, French ambassador Renaud Vignal, Buenos Aires Production Minister Carlos Brown, Peugeout Automobiles Director General Yves Barbe, and UOM [Metalworkers Union] Secretary General Lorenzo Miguel, among other people, participated in the ceremony.

Menem emphasized the achievements of the government's economic program. Nevertheless, he admitted the "existence of worrisome problems, such as unemployment and tax evasion." Reviewing the high levels

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of tax evasion, Menem said: "If collections were appropriate, we would have a total of approximately 30 billion pesos per year."

Menem emphasized: "We are collecting 20 billion pesos. In other words, tax evasion totals 10 billion pesos per year. And I want to openly report this."

In this regard, Menem announced: "We will initiate actions to cope with this problem." In this regard, he made accusations against the meat-packing industrialists.

Menem emphasized that the meat-packing industry is among the biggest tax evaders, with 700 million pesos per year. He noted: "Unfortunately, a veritable criminal organization has established itself in that industry."

Nevertheless, Menem explained that "not all" food industrialists are evading their tax obligations. The president added: "If we could overcome this situation, we would change many problems involving it. We are still indebted to our nation concerning this issue."

Changing the subject, Menem noted that the progress achieved by the Mercosur [Common Market of the South] integration process has been prompted by Argentina's current economic program.

Before an audience of 500 people, the president indicated: "This achievement would not have been possible without this process that we are currently experiencing."

Reviewing the progress that has been achieved by the car industry over the past few years, Menem indicated that this sector has achieved an "impressive" growth. Championing the special tax system that protects the car industry in Argentina, Menem added: "We are exporting and we will continue to export within Mercosur, with advanced laws concerning car industry matters."

Argentina: Menem Guarantees Armed Forces Prospects

PY0507174996 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0059 GMT 4 Jul 96

[FBIS Translated Text] Buenos Aires, 3 Jul (NA) — President Carlos Menem tonight guaranteed to the top military brass that the government "does not harbor the slightest doubt" regarding the significant role that the Armed Forces are playing in our country's development. He emphasized: "Without security, growth cannot be achieved."

Menem thereby toned down the dissatisfaction prevailing within the Armed Forces following the adjustments prompted by the Second State Reform. He underscored: "These unrealistic and ill-advised interpretations seek to negate the Armed Forces' prospects."

The president made these remarks while presiding over the traditional Comradeship Dinner that was held at the Argentine Automobile Club in Palermo District, Buenos Aires.

Supreme Court Vice President Eduardo Moline O'Connor, Chief of Cabinet Jorge Rodriguez, Defense Minister Oscar Camilion, and Buenos Aires Mayor Jorge Dominguez were present at the ceremony.

Joint Chief of Staff Mario Candido Diaz; Lieutenant General Martin Balza, Army chief of staff; Admiral Enrique Molina Pico, Navy chief of staff; and Brigadier Juan Paulik, Air Force chief of staff, were also present at the ceremony.

The president said: "The existence of the Armed Forces represents an undisputable condition for safeguarding our national identity. Without security, growth cannot be achieved."

Menem emphasized: "The government does not harbor the slightest doubt that these institutions represent our fatherland's foundation. He added: "The Armed Forces actually deter the enemies that attack with insane acts."

In this regard, Menem paid tribute to the Armed Forces. He added: "All the military personnel, those who are serving now and those who already left the ranks, deserve our respect and our admiration."

Menem noted: "As president of all Argentine citizens, I am spiritually urged to express the Armed Forces' exemplary attitude in discharging their specific duties within the state."

The president specifically emphasized that the government "will enhance the professional training of cadres and troops" and "will increase its efforts for enhancing mutual confidence among countries of our region."

Menem indicated: "We will enhance our participation in the (United Nations) peace missions, as a way of disseminating our country's image in the remotest sites of our planet."

Argentina: Senate Urges 'Basic Guidelines' for Defense

PY0507174096 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0027 GMT 4 Jul 96

[FBIS Translated Text] Buenos Aires, 3 Jul (NA) — The Senate tonight approved a communications bill in which it asks the government to fulfill its constitutional task and issue a ruling to establish the basic guidelines for a military defense system, and notes that the reorganization of the Armed Forces should not be done with an economic view but seeking strategic guidelines.

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This initiative, which was submitted by Justicialist Party Senator Eduardo Vaca and had the signatures of Radical Civic Union Senator Fernando de la Rua and Frepaso [Front for a Country in Solidarity] Senator Graciela Fernandez Meijide, states that the National Defense System, "in compliance with the regional integration policy, will have to observe a strategic defense concept based on conventional deterrence and balanced cooperation."

It adds that as a guideline for military planning, "it is necessary to take into account the fact that Argentina must have Armed Forces that, given the budget resources assigned by the national Congress, have an adequate training level for the fulfillment of their mission, and at the same time to face the modernization process.

It adds that Argentina "will continue fighting for the construction of regional and subregional security systems, and they will be inspired by the principles of integration processes, seeking to identify and strengthen the common strategic interests to be defended."

Argentina: Mayor-Elect Rejects Attempt To Limit Powers

PY0807204896 Buenos Aires CLARIN in Spanish 4 Jul 96 pp 2, 3

[FBIS Translated Text] Buenos Aires Mayor-Elect Fernando de la Rua has not taken long in **challenging the limits** President Carlos Menem has tried to impose on the newly elected mayor's powers. After the head of state exhorted the mayor-elect to embrace the undertakings the federal government has designed for the Argentine capital — some of which are major construction projects — De la Rua asserted that he will only accept the limits the Constitution imposes on the office of mayor.

On 2 July, while the exchange of recriminations over the 30 June electoral defeat caused **much dissension in the ruling party**, the chief executive sparked off a controversy with the victorious Radical Civic Union.

Menem had said: "De la Rua must become aware of the fact that he has to somehow endorse the policies the federal government has formulated for Buenos Aires."

True to his belief that the PJ [Justicialist Party] only lost a municipal election in the capital city, the president intended to lay down the principle that the **only difference** between De la Rua and his predecessors is the **origin of his election** — that he was voted into office — thus alluding to the fact that in every other respect De la Rua continued to be a delegate of the Menem administration.

Hence the head of state's remarks on 2 July to the effect that "Buenos Aires is the seat of the federal government; De la Rua has now become the major of the city." Menem added: "Nothing will change. Everything depends on what the new mayor does or does not do."

In a move to repudiate this attempt to limit his powers — which have yet to be defined by the assembly that will draft a new charter for the City of Buenos Aires — and the degree of autonomy of the capital city, De la Rua couched his response in a **harsh** tone.

He insisted on the fact that "**there are no other limits than those established by the Constitution**; the Constitution regulates the lives of peoples and nobody — not even the federal government or the municipal government — can arrogate to himself more powers than those with which the Constitution vests him."

"The president's remarks were made under the influence of the electoral defeat the PJ suffered on 30 June. When he thinks things over, he will apologize to Buenos Aires city dwellers," charged De la Rua in a tone that only had a veneer of understanding.

The newly elected mayor said that he did not take Menem's remarks as "something institutional or definite" and charged once again: "We have to wait until strong feelings are subdued because if passions continue to run as high as now we will end up by creating an antagonism between the city and the federal government."

In addition, De la Rua subsequently questioned the "discredit," which, in his view, Menem brought on his newly acquired position when "**he labeled me as a mayor.**" De la Rua recalled that the 1994 Constitution establishes that his position is that of "head of government of the autonomous city."

De la Rua did not fail to make some observations about the odd comments Menem made on 3 July about the seemingly unpredictable, or ungrateful behavior of Buenos Aires dwellers. To substantiate his remarks, the head of state said that Buenos Aires dwellers were the ones who killed [Santiago de] Liniers [next to last viceroy of the Rio de la Plata], rejected the consecration of the flag created by [Manuel] Belgrano, and refused to contribute to [Liberator General Jose de] San Martin's expedition [to liberate South America].

Menem's attempt to set limits on De la Rua's powers does not entail only an **institutional power struggle**. The specific words used by the president show the federal government's interest in undertaking some **major construction and road projects in Buenos Aires.**

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The head of state specifically mentioned the road and transport plan announced in August 1995, which contemplates an investment of $5.2 billion.

This notwithstanding, those "policies put forward by the federal government," which according to Menem, the new head of government of the capital city ought to endorse, include the controversial project to build a **new courts district** in Puerto Madero, and the even more controversial project of building an "airport on an artificial island," which would replace the current Jorge Newbery Metropolitan Airport, designed by a Dutch business group and coordinated by [former Democratic Center Union President] Alvaro Alsogaray. The sale of the property occupied by the airport would also constitute a most lucrative business transaction.

While this discussion was going on, De la Rua's running mate Enrique Olivera met with Jorge Pereyra de Olazaba, secretary of the current municipal government, who promised Olivera to give him **detailed information** about the financial situation of the capital city.

Olivera reiterated that when De la Rua assumes office, he will commission an external audit of the city accounts to establish the amount of the debts inherited from the municipal administrations over the last few years.

Argentina: UCR Chairman Rules Out Constitutional Amendment

PY0607033796 Buenos Aires TELAM in Spanish 1843 GMT 3 Jul 96

[FBIS Translated Text] Buenos Aires, 3 Jul (NA) — On 3 July Rodolfo Terragno, UCR [Radical Civic Union] president, stressed that as long as he heads the UCR, the Constitution will not be amended, thus rejecting the posters that were hanging in the federal capital encouraging President Carlos Menem to run for reelection in 1999.

Terragno issued a communique stating that "as long as I head the UCR, the Constitution will not be amended."

Terragno again rejected some government sectors' attempts to promote Menem's reelection.

Terragno said: "They can hang all the posters they want, they can wrap the country in paper, talk to whomever they wish or try to do whatever they want."

Terragno stated: The key to electoral reform "is in the UCR's hands." He stressed that as long as he heads the UCR "there is no possibility of amending" the Constitution.

"I guarantee that the Constitution will not be amended," Terragno stated.

Argentina: Cavallo Returns From Canada, Reviews Deficit

PY0907024796 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1613 GMT 7 Jul 96

[FBIS Translated Text] Buenos Aires, 7 Jul (NA) — Economy Minister Domingo Cavallo has returned to Argentina after touring Canada, where he met entrepreneurs and bankers. This week he will review measures to cope with the fiscal deficit.

During his Canadian tour, Cavallo met entrepreneurs and bankers and avoided the accusations leveled against him over the Justicialist Party defeat in the Buenos Aires mayoral elections.

The economy minister moved up his return, which had originally been scheduled for noon today. He arrived in our country just last night. Cavallo reportedly held informal meetings with his assistants to inform them about the latest developments.

This week Cavallo and his team will review the strategy to be pursued for coping with the unrelenting fiscal deficit that is affecting the administration.

The tax revenue collection problems that the General Directorate of Taxation [DGI] has been experiencing over the past few months have forced the government to make the decision of asking a waiver from the IMF, in keeping with the government's inability of meeting the targets outlined for this year.

The economic team will hold a meeting on 10 July to review this issue. It was leaked that at this meeting the economic team would review the implementation of drastic measures to cope with the fiscal deficit that is affecting the state.

In keeping with reports that circulated last week, Cavallo might consider the implementation of an extraordinary tax for those sectors that earned more money under the Convertibility Program.

The reports add that the removal of subsidies for the concessionary companies that are operating train and subway lines could be reviewed, as a way of increasing savings.

The state deficit represents such a serious problem that even President Carlos Menem last week asked the entrepreneurs to pay their taxes.

Menem noted that tax evasion in Argentina totals $10 billion per year and that, if all the taxes due were collected, revenues would total 30 billion pesos per year.

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Argentina: Success of Triple Border Control Noted

PY0907024596 Buenos Aires TELAM in Spanish 1642 GMT 5 Jul 96

[FBIS Translated Text] Posadas, 5 Jul (TELAM) — Luis Santos Casale, Interior Ministry under secretary for operations and programs, noted today that the results achieved in the operations of the Tripartite Command, comprising security agencies from Argentina, Paraguay, and Brazil, have surpassed all hopes.

Shortly before leaving Puerto Iguazu for Buenos Aires, Casale told TELAM: "Following the cooperation and coordination among the forces, the results achieved so far surpass all our hopes."

Casale has been staying in Puerto Iguazu since 4 July. In Puerto Iguazu, he participated in a meeting with the Tripartite Command chiefs of operations.

This morning the under secretary went by car to a location 70 km south of Puerto Iguazu to oversee the actions carried out by joint forces involving National Border Police, Argentine Coast Guard, Misiones police, and Paraguayan police.

One hundred policemen have been working in a jungle area for three days, pursuing five dangerous criminals who robbed a bank in Paraguay and then crossed the border through the Parana River to escape the Paraguayan police.

Casale explained that he could confirm the requirements of the participating security forces. "They require better technical elements, such as night vision and arms suited for the area," he said.

Casale noted that, "after returning to Buenos Aires, I will meet the interior minister and in my report, I will recommend a budget increase" that will permit solving current shortcomings.

The Interior Ministry official pointed out: "This is important for Misiones Province, as it involves an area heavily affected by drug trafficking. Significant drug enforcement operations are carried out almost every day."

The Tripartite Security Command, made up of Argentina, Brazil, and Paraguay, on 4 July reviewed migration controls and the activities developed to prevent terrorism and other criminal activities.

This Tripartite Command was formed in May, with the goal of controlling the security in the border area involving the towns of Puerto Iguazu (Argentina), Foz do Iguacu (Brazil), and Ciudad del Este (Paraguay).

Argentina: IBM Sues For Damages for Contact Cancellation

PY0507220596 Buenos Aires LA PRENSA in Spanish 3 Jul 96 p 4

[FBIS Translated Excerpt] The IBM computer company yesterday filed a lawsuit against the Argentine National Bank [BNA], seeking "payment for work completed, costs, and other damages" arising from the "unjustified" cancellation of a contract to modernize the BNA computer systems. IBM has filed over the unilateral decision by the BNA to cancel the contract for the computerization of BNA branches and to demand the payment of more than 86 million pesos.

The company yesterday issued a communique saying: "IBM Argentina has made great efforts to finish the project and to fulfill changing BNA requirements." [passage omitted]

The communique adds that IBM Argentina "is owed for services rendered and has not been fully paid" and that the lawsuit was filed for "damages caused by the BNA through its improper behavior," arguing that "IBM-Argentina demands the payment of $86,061,000, plus legal expenses, costs, and damage." [passage omitted]

A company lawyer added: "The IBM says the state must pay if the BNA directors managed badly and contributed to the cancellation of the contract, which caused economic damage to the company. Those involved in this fateful commercial decision should also pay."

The lawsuit comes parallel to the continuous investigation in federal courts being carried out by Judge Adolfo Bagnasco over the an alleged bribe of $37 million in the contract to computerize the complex network of BNA branches.

Bagnasco is scheduled to travel to the United States on 7 July to witness the interrogation of two IBM directors, Steve Lew and Marcio Kaise under the U.S. justice system.

Argentina: Ground Station Dedicated To Monitor Satellite

PY0607021496 Buenos Aires LA NACION in Spanish 25 Jun 96 Section 2 p 4

[Article by Martin Boerr]

[FBIS Translated Excerpt] Three years after the privatization [preceding word in boldface] of the airspace industry, the Nahuelsat group has inaugurated the ground control station in Benavides, Buenos Aires Province, to monitor the satellite it will launch by the end of December.

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In 1993, the Nahuelsat group — which comprises the French Aerospatiale, the Italian Alenia Spazio, and the German Daimler Benz companies, among others — won an international bid for the Argentine geostationary orbit.

Projects followed to launch a satellite designed and adapted to serve the whole Argentine territory. In the meanwhile, the Nahuelsat group is working with two satellites leased from a Canadian company which, because of their orientation in space, do not cover the whole national territory.

With the inauguration of the ground station, the countdown has begun for the 1993 project to begin full operation. Now all we need is the rocket to put the Nahuelsat into orbit during the first week of December from Kourou, French Guiana.

Nahuelsat will render three services in telecommunications: Audio, video, and data transmissions. It will help distribute cable television signals, to transmit videoconferences, and to serve as basis for rural and urban telephone transmissions.

It is capable of transmitting between 200 and 300 television signals, or between 5,000 and 6,000 audio channels simultaneously. Nahuelsat Marketing Manager Fidel Morales Moreno said: "We plan to distribute its capacity as follows: 70 percent for television signals, 20 percent for data transmission, and 10 percent for audio signals."

Among the clients is the Argentine Telephone Company. Even though it is not a client, Telecom [National Enterprise for Telecommunications] is part of a consortium with 5.75 percent of the shares. [passage omitted]

Argentina: Radioactive Leak at Nuclear Power Plant Noted

PY0507162296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2109 GMT 4 Jul 96

[FBIS Translated Excerpt] Buenos Aires, 4 Jul (NA) — In June the Embalse Nuclear Power Plant experienced a dangerous leak of radiactive material that contaminated the power plant's fresh water system and might also have affected the lake in the city of Rio Tercero, in Cordoba Province.

This information was supplied by the ecological organizations Southern Cone Greenpeace [preceding word in English] and Environmental Defense Foundation (FUNAM), which today asked the National Nuclear Regulatory Agency (ENREN) and the "Nucleoelectrica" company to provide more information on the "accident" that occurred at the plant.

ENREN admitted on 26 June the existence of a tritium leak at the Embalse Nuclear Power Plant — operated by the "Nucleoelectrica" company — that contaminated the "water used" by the workers. Tritium is an isotope that emits "beta radiations" and can affect tissue in the human body, causing cancer and genetic malformations.

In this regard, FUNAM reported that the leak of radioactive material "allegedly contaminated the Embalse lake, which, in turn, contaminated the nuclear power plant's fresh water system."

FUNAM noted: "Oddly enough, the nuclear power plant's water intake lies barely 800 meters from the shore," thus indicating that, if the power plant's fresh water system has been contaminated, it is because the radiactive material has seriously affected the lake. [passage omitted]

Brazil

Brazil: Bacha Warns Against Deficit During Seminar

96SM0421A Rio de Janeiro JORNAL DO BRASIL in Portuguese 2 Jul 96

[Article by Maria Luiza Abbott: "Bacha Warns of Deficit"; introductory paragraph in boldface as published — received via Internet]

[FBIS Translated Text] **In the economist's opinion, it is necessary to accelerate privatization to reduce the public debt.**

Brasilia—One of the fathers of the Real Plan, economist Edmar Bacha, issued a sharp warning to the government yesterday during the seminar on "Two Years of the Real Plan." "Either the public deficit is rectified or we will have to accept higher inflation to finance that deficit in the medium term," Bacha said. The economist flatly disagreed with the new plan by the government, which intends to use money from privatization to solve infrastructure problems. "It is necessary to accelerate the sale of assets to reduce the public debt," he said.

At the same seminar that morning, Minister of Planning Antonio Kandir's diagnosis was very different. "Privatization must be accelerated, not so much for its fiscal effect but in order to reduce the Brazil cost," Kandir said. Bacha discussed the real's risks, saying that high interest rates, a high exchange rate, and a very high deficit are inconsistent with the current levels of inflation.

Deficit—According to the economist's calculations, financing an operating deficit (which excludes inflation from the public accounts) of 2.5 percent of gross domestic product (GDP), which is what the government

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has promised for 1996, will require much higher inflation than the 13 percent forecast for this year. Bacha explained that financing that deficit with an inflationary tax would require inflation of 47 percent per year. In other words, that is the level necessary to erode government spending sufficiently to cover the increase in expenditures. "To avoid that, we need a privatization yielding 1 percent of GDP per year—in other words, the equivalent of one and a half Rio Doce Valley Companies," he said.

Bacha believes that there is still room for the government to finance its deficit with an increase in domestic debt and that as a result, there is no immediate need for higher inflation to cover spending. Kandir said that morning that although the public debt had more than doubled in one year, the Federal Government's deficit is responsible for a minimal amount of the increase. "Of the total increase of over 80 billion reals in securities debt, only 6.3 billion reals were due to the Treasury's deficit. The rest represented an increase in reserves, nominal interest rates, an adjustment of liquidity, and reorganization of the financial sector," the minister explained.

A pessimistic Bacha predicted that the domestic debt would increase even further. "The latest data are from April, and at that time we had not yet felt the pressure from the Bank of Brazil's reorganization, the provision of security for agricultural debt, Proer [Program for Stimulating the Restructuring and Strengthening of the Financial System] for the state banks, or the refinancing of the Compensation Fund for Salary Variations (FCVS)," the economist said.

Advice—The seminar brought together economists from Argentina, Israel, Chile, Mexico, and Peru as well as Brazil to compare the economic stabilization processes in those countries. All the programs have one thing in common: the foreign exchange anchor was the instrument used to lower inflation. The oldest such plan is the one implemented in Israel, which yesterday commemorated the 11th anniversary of an option approximating the advice given by U.S. economist Rudiger Dornbusch.

In Israel, the option involved a more flexible exchange rate than those in Brazil, Argentina, and Chile, since Israel's rate varies on the basis of a basket of currencies. The result has been higher inflation—between 16 and 20 percent during that period—along with growth. "We believe that retaining an unrealistic exchange rate for very long reduces the stabilization program's credibility," said Mordechai Fraenkel, former president of the Central Bank of Israel. "No one talks about controlling inflation anymore; the president of the BC is the only one who worries about that," he added.

At the other extreme is Chile, which adopted an exchange anchor model more similar to the Brazilian one. The exchange rate in Chile is overvalued by nearly 20 percent, but exports are growing by 10 percent per year. Considered an example for Latin America, that country has an annual inflation rate of 7 percent, is growing by 7 percent per year, and has an unemployment rate of 5 percent, and the average wage has risen by 5 percent in real terms since the stabilization plan began in 1990.

Military—"In Chile, we have forgotten what fiscal problems are. We have had nothing but surpluses in the 1990's, with social spending rising by from 9 to 10 percent per year," said Prof. Patricio Meller of the University of Chile. Prof. Dionisio Carneiro of the Pontifical Catholic University of Rio de Janeiro, who also participated in the debate, reminded the Chilean that fiscal adjustment—the most complicated part of an economic plan—had already been carried out by the military government in Chile.

Although apparently living in the best of all possible worlds, the Chileans behave in a radically different manner than the Israelis. "Only after four years of a stabilization plan is there beginning to be a consensus that inflation really is falling. Inflation continues to be our priority," said Meller.

Brazil: Government Favors Political Allies With Funds

96SM0421B Sao Paulo FOLHA DE SAO PAULO in Portuguese 2 Jul 96

[Article by Lucio Vaz: "Government Favors Allies With Funds"; introductory paragraph in boldface as published — received via Internet]

[FBIS Translated Text] In eight states, congressmen belonging to the PSDB [Brazilian Social Democracy Party], PFL [Liberal Front Party], and PMDB [Brazilian Democratic Movement Party] have received 81.4 percent of the funds.

Brasilia—President Fernando Henrique Cardoso's party, the PSDB [Brazilian Social Democracy Party], is the party benefiting most from the transfer of Union funds for housing, sanitation, and infrastructure in the municipalities, according to an investigation by FOLHA DE SAO PAULO.

The opposition has received very little money. The party political criterion used in the distribution of funds is the same as that used in the Collor (1990-1992) and Itamar (1992-1994) administrations.

The Ministry of Planning prepared 994 operations for transferring funds totaling 279.2 million reals to about

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800 municipalities. The contracts had to be signed by 30 June, according to electoral legislation. FOLHA DE SAO PAULO's survey was conducted in Sao Paulo, Minas Gerais, Bahia, Rio Grande do Sul, Pernambuco, Ceara, Goias, and Maranhao.

The funds were released as a result of about 3,000 individual amendments to the Union Budget by 295 congressmen.

In the eight states, the PSDB received 19.7 million reals (28.6 percent of the total) thanks to individual amendments submitted by 57 congressmen.

The PFL [Liberal Front Party] obtained 19.3 million reals (28.1 percent) thanks to amendments by 58 congressmen. The PMDB [Brazilian Democratic Movement Party] received 17 million reals (24.7 percent) thanks to amendments by 56 congressmen (17.9 percent).

Only 1.8 percent of the money was left over for the opposition (PT [Workers Party], PDT [Democratic Labor Party], PCdoB [Communist Party of Brazil], and PSB [Brazilian Socialist Party]).

The governors' parties also may or may not favor them [as published]. The PSDB received the largest amount in Sao Paulo (4.3 million reals), Minas Gerais (2.8 million reals), and Ceara (5.2 million reals). The PFL benefited the most in Bahia (6.9 million reals) and Maranhao (3.9 million reals).

In Pernambuco, Governor Miguel Arraes' PSB, which opposes the Federal Government, received only 220,000 reals. The PSDB's leader in the Chamber of Deputies, Jose Anibal (Sao Paulo), obtained 1.07 million reals for his constituents. And the leader of the PFL, Inocencio Oliveira (Pernambuco) approved 16 amendments totaling 1.1 million reals. That accounted for 63 percent of Pernambuco's entire sanitation budget.

Brazil: Amount of Money in Circulation Rises

96SM0421C Sao Paulo FOLHA DE SAO PAULO in Portuguese 2 Jul 96

[Unattributed article: "Amount of Money in Circulation Rises" — received via Internet]

[FBIS Translated Text] Rio de Janeiro—Carlos Eduardo Tavares, director of money supply at the BC (Central Bank), said yesterday that the amount of money in circulation in the Brazilian economy had risen from 2.8 billion reals just before the introduction of the real (30 June 1994) to "over 12 billion reals today."

According to Tavares, that growth reflects the population's increased confidence in the country's present currency. Tavares also said that no studies had yet been made with a view to exchanging the real notes now in circulation, but he acknowledged that the matter might be given some thought after the currency problem has been solved. The BC intends to stimulate an increase in the use of coins in vending machines and public telephones, thereby stimulating the use of metal money.

Brazil: Poll Shows Lead Candidates in Major Cities

96SM0422A Rio de Janeiro JORNAL DO BRASIL in Portuguese 2 Jul 96

[Received via Internet]

[FBIS Translated Text] Porto Alegre—In the first JB-Vox Populi poll taken since the list of 11 candidates for mayor of the capital of Rio Grande do Sul become final, Raul Pont, representing the PT [Workers Party], would easily win the election if it were held today: he received 51 percent of expressed voter intentions, more than the sum of all ten of his opponents. If this result holds true at the ballot box in October, Pont would not even have to face a runoff. But, even if he had to, he would still win. If the runoff were held today, the PT candidate would get 61 percent of the votes, as against 24 percent for second-place Maria do Carmo, of the PPB [Brazilian Progressive Party]. The PT candidate's advantage would increase to 63 percent over 17 percent if his runoff opponent were Valdir Fraga, of the PTB [Brazilian Labor Party], and 64 percent compared with 18 percent if it were former Minister Yeda Crusius, of the PSDB [Brazilian Social Democracy Party].

Debates among the 11 candidates on local radio and TV stations begin today. These debates give the opponents one of their few chances to try to cut the PT lead. The tactic employed by the other parties—running their own candidates in order to force a runoff, apparently did not work. Even the second-place candidate, State Deputy Maria do Carmo of the PPB, at 11 percent, is far behind Pont's 51 percent.

The PT candidate also enjoys the best name recognition in the spontaneous survey, with 28 percent (he had 22 percent in the previous poll), followed by mayor and non-candidate Tarso Genro, at five percent. Maria do Carmo got three percent, only one percent ahead of another non-candidate, former Mayor Olivio Dutra (PT). So far, Pont is the least rejected by the voters (16 percent).

Maria do Carmo, former anchorwoman of Jornal do Almoco [Lunchtime News] on RBS TV, source of the more than 200,000 votes that sent her to the state legislature, has begun to emerge as the voters' second choice. She is moving ahead of Federal Deputy Yeda Crusius of the PSDB, and State Deputy Valdir Fraga, of the PTB, who fell back from their previous poll

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positions. But both Yeda and Maria have disapproval ratings of 35 percent and 34 percent, respectively. In the intermediate bloc, the only one who gained was State Deputy Vieira da Cunha, of the PDT, whose four percent was higher than his two percent average in the earlier polls.

Imbassahy Takes Off With PFL/PPB Alliance

The PFL [Liberal Front Party] candidate for mayor of Salvador, Antonio Imbassahy, is still the favorite of the voters in the Bahian capital, with 31 percent of voter intentions.

Although 40 percent of voters are still undecided, Imbassahy—who is backed by Senator Antonio Carlos Magalhaes (PFL-Bahia)—climbed six percentage points in the course of one month. This is due mainly to the withdrawal of Marcos Medrado, candidate of the PPB, which is now allied with the PFL. He had won 13 percent in the last poll.

Although still in second place, PMDB [Brazilian Democratic Movement Party] candidate Pedro Irujo declined from 19 percent to 15 percent since last month.

PT candidate Nelson Pellegrino is at a virtual standstill in third place, with eight percent of voter intentions, only two percentage points above the level he attained in the May poll.

Candidates Domingos Leonelli, of the PSDB, and Joao Henrique Carneiro, of the PDT, are tied for fourth place at 2 percent.

The JB-Vox Populi poll confirms the difficult situation faced by the PSDB in Salvador, now even further impaired by the alliance between the PPB and PFL.

Domingos Leozelli's low rating is consistent with the unfavorable assessment of the administration of his principal supporter, Mayor Lidice da Matta, of the PSDB. She is rated unfavorably by 60 percent, fair by 27 percent, and gets the approval of only 11 percent.

Questions to test the candidates' disapproval ratings proved that Lidice is transferring to the PSDB candidate the poor opinion of her administration. Domingos Leonelli is the second most rejected contender among Salvador voters. His name was mentioned by 26 percent of the respondents as a candidate whom they would never vote for.

In first place with respect to disapproval, with only four percentage points difference, is the PMDB's Pedro Irujo, with 30 percent. Right behind Irujo, technically tied in terms of disapproval, is PDT candidate Joao Henrique Carneiro, with 24 percent, the PFL's Antonio Imbassahy, with 23 percent, and the PT's Nelson Pellegrino, with 22 percent.

Magalhaes Falls Ten Percentage Points in Recife

The entry of Senator Roberto Freire, of the PPS [Socialist People's Party] into the race for mayor is one of the reasons for the decline of the PFL candidate, Deputy Roberto Magalhaes, from 45 percent to 35 percent in preference among the voters of Recife, according to the third JB-Vox Populi poll. Freire already has 15 percent.

Furthermore, Deputy Humberto Costa of the PT, who had 15 percent, is no longer a candidate. Instead, his party decided to nominate State Deputy Joao Paulo, who is in third place, with six percent. In fourth place, at five percent, is Joao Braga of the PSDB, who was a secretary under PMDB Mayor Jarbas Vasconcelos. And there was also a slight increase—of five percent—in the number of undecided, who now total 36 percent.

For the time being, the unusual alliance between the PMDB and the PFL—traditional adversaries in Recife—would seem to be unbeatable. Magalhaes, counting on his personal prestige (he was the highest vote-getter among federal deputies in the state in 1994) and on the popularity of Mayor Jarbas Vasconcelos, would win if the election were held today, with 44 percent of the votes against 23 percent for Freire.

Brazil: Poll on Leaders in Fortaleza, Belo, Curitiba

96SM0422B Rio de Janeiro JORNAL DO BRASIL in Portuguese 1 Jul 96 p 4

[Report by Teodomiro Braga]

[FBIS Translated Text] Belo Horizonte—With 24 percent of voter intentions, PT [Workers Party] City Councilman Virgilio Guimaraes has shot into the lead in the election for mayor of Belo Horizonte, according to the third JB-Vox Populi election poll. In second place is Senator Junia Marise, of the PDT [Democratic Labor Party], with 14 percent, followed by former Deputy Mayor Celio de Castro of the PSB [Brazilian Socialist Party], who received 11 percent of the preferences. Amilcar Viana Martins (PSDB) [Brazilian Social Democracy Party], backed by Governor Eduardo Azeredo, has not yet taken off, and he received support from only four percent of respondents.

The poll shows that the toughest fight in Belo Horizonte is the competition to determine who will run against Virgilio Guimaraes. The presence of the PT candidate in the runoff is virtually assured now that former Deputy Helio Costa, of the PFL [Liberal Front Party], has dropped out of the October race. In both simulated polls

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in which he appeared, Helio Costa placed second and in one of these, he was six [words indistinct]... tied with Junia Marise (each received 12 percent, compared with 21 percent for the PT candidate).

The chosen candidate of the PFL, Paulino Cicero, former minister of mines and energy in the Itamar Franco administration, received only one percent in the poll. In another important decision made over the weekend, Deputy Ronaldo Vasconcelos, of the PL [Liberal Party], gave up the idea of running and took the second spot on the Amilcar Martins slate. Vasconcelos had received three percent of voter intentions when he was running for mayor. With this new ally, Amilcar's candidacy has revived the alliance that took Azeredo to the governorship (PSDB, PL, PTB, and PPS [Socialist People's Party]) and should make a strong showing in the next polls.

Leader From the Outset

Virgilio Guimaraes has been leading the polls since the first round. On 31 March, the PT candidate had 15 percent of voter intentions. This was repeated on 14 May, and now he has risen nine percentage points. Junia Marise started the campaign at five percent, rose two percentage points on 14 May, and has now climbed eight points. Celio de Castro entered the race last month with five percent, and has gained six points since then. Amilcar Martins started with two percent, held on to that figure in the second round, and has now risen two more percentage points. Paulino Cicero is only now starting to campaign, and is preferred by 1 percent of voters.

The Vox Populi Institute conducted only one simulation for the runoff. Virgilio Guimaraes would beat Amilcar Martins by 39 percent to only 15 percent. The selection of the *tucano* took into account the fact that he has a low disapproval rating in the polls. Only 19 percent of respondents would not vote for him in any case, compared with 32 percent who reject the candidacy of Junia Marise and 28 percent that of Virgilio Guimaraes. The candidate with the lowest disapproval rating, 1.7 percent, is physician Celio de Castro, who has boosted his chances of winning the support of the PMDB [Brazilian Democratic Movement Party]. Having been passed over by the PMDB, Junia Marise responded by naming Celso Brant, the PMN [National Mobilization Party] candidate in the 1989 elections, as her candidate for deputy mayor.

The third JB Vox Populi election poll was taken on 22 and 23 June. In Belo Horizonte, 697 residents of the Minas capital over the age of 16 were interviewed, observing quotas defined on the basis of IBGE [Brazilian Institute of Geography and Statistics] census data to reflect the proportions of the population in terms of four variables: sex, age, education, and family income.

The methodology employed by the Vox Populi Institute was the survey-type [preceding term in English] quantitative poll that consists of the presentation of standardized questionnaires to a universe representative of the group to be studied. The poll has a margin of error of five percent.

Curitiba: Tucano Candidate Confirmed as Favorite

Tucano candidate Carlos Simoes still holds first place in the race for mayor of Curitiba. The third JB-Vox Populi election poll shows he has 32 percent of voter intentions. In second place is Cassio Taniguchi, of the PDT, heir to Governor Jaime Lerner and Mayor Rafael Greca, with 18 percent. He is followed by Max Rosenmann, of the PMDB, with 5 percent; Luciano Pizzatto, of the PFL, with 4 percent; and Angelo Vanhoni, of the PT, with 3 percent. At 1 percent each, Edson Newman of the PL, and Joao Elisio of the PTB would, technically, be tied for last place.

The number of undecided voters and those who either did not know or would not answer is still high: 36 percent. In a projection of the runoff, Simoes would win over all his likely opponents. In a simulation with Angelo Vanhoni, he would win by 45 percent to 10 percent. Taniguchi would be the toughest opponent, but even so, the *tucano* would be elected by 36 percent of voters vs. 28 percent for the PDT candidate.

Opponents Not Reacting

If his performance in the first three JB-Vox Populi election polls is any indication, the candidate of the PSDB, Carlos Simoes, is already assured of a place in the runoff in Curitiba. His ratings have always been above 30 percentage points. In the first poll, on 31 March, Carlos Simoes received 31 percent of voter intentions. He climbed to 40 percent on 14 May and has now fallen by eight points, but remains at practically the same level as he was when he began the race.

Meanwhile, Cassio Taniguchi can celebrate an increase of nine percentage points with respect to the previous poll. This candidate, hand-picked by Lerner and Greca, started out with 12 percent on 31 March, fell to nine percent on 14 May, and has now reached 18 percent.

Even better news for the two leaders in the polls was the weak performance by their competition. PFL candidate Luciano Pizzatto, who got as much as eight percent at the end of March, lost a percentage point on 14 May and has now lost three more. PMDB candidate Max Rosenmann started out at four percent, rose to five percent in May but has made no progress at all

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since then. Meanwhile, PT candidate Angelo Vanhoni has fallen back to the three percent at which he began the campaign, after having reached four percent on 14 May. PTB candidate Joao Elisio is still stuck at the one percent with which he began the Curitiba election race.

Methodology

In Curitiba, pollsters talked to 599 voters over the age of 16 who reside in the Parana capital. Here too, the distribution of the interviews among the various population segments was done on the basis of IBGE census data. The field work was done on 22 and 23 June. The margin of error is 5 percent [passage omitted].

Fortaleza: Juraci Magalhaes Looks More and More Like a Shoo-in

Juraci Magalhaes, of the PMDB, is the biggest shoo-in in these elections. According to the third JB-Vox Populi election poll, the former mayor of Fortaleza is preferred by 66 percent of the voters and would be elected in the first round. His closest opponent, Federal Deputy Edson Queiroz Filho of the PPB [Brazilian Progressive Party], stands at only 7 percent.

Former Attorney General Soccoro Franca, of the PSDB, appears in third place, with 3 percent of the votes—one percentage point above the PC do B [Communist Party of Brazil] candidate Inacio Arruda. Right behind him, with one percent of the votes, is university professor Tarcisio Leite, of the PSN [no expansion given].

The fact that Juraci Magalhaes is the favorite was also confirmed by the questions about voter rejection. He has the smallest disapproval rating—eight percent. The candidate closest to him in that respect is Joao Saraiva of the PV [Green Party], who has a 26 percent disapproval rating but gets less than one percent of voter preferences.

Comparing the performances by the candidates who placed first in the last two JB-Vox Populi election polls, the name that has risen the most in voter preferences is that of Juraci. In the first poll in March, the PMDB candidate had 45 percent of voter intentions, compared with four percent for Inacio Arruda and three percent for Edson Queiroz Filho.

In May, Juraci climbed another nine percentage points, Edson Queiroz gained six, and Inacio Arruda held steady at four percent. Soccoro Franco's candidacy did not become official until June.

Chile

Chile: INE Changes Unemployment Methodology

96SM0406A Santiago EL MERCURIO in Spanish 30 May 96 p B5

[Commentary by Miguel Basch, associate professor in the University of Chile Economics Department]

[FBIS Translated Text] A recent announcement by the INE (National Statistics Institute) that, as of March of this year, it has implemented changes in the "methodology" used to calculate unemployment data for Greater Santiago has caused the public in general and the academic community in particular to challenge the credibility, accuracy and veracity of information put out by that institution.

In order to appreciate the significance of this change in methodology and its implications, one has but to observe the unemployment figures for Greater Santiago supplied by the INE starting in January 1995 and compare them with those obtained by the Economics Department of the University of Chile.

It must be emphasized that the INE's official figures are an average for a specific quarter ending in the month appearing in the first column of the graph.

In addition, the University of Chile conducts its survey every three months, and the results obtained by its calculations correspond to the specific week of the month when the study is completed.

There has long been a substantial discrepancy between unemployment figures supplied by the INE and the University of Chile. The debate was settled by the March 1996 estimate, when the INE came up with a figure close to that obtained by the University. The two previous figures supplied by the INE (4.3 and 3.6 percent) lead one to conclude that unemployment rose 75 percent compared with the quarter ending in January, and 46 percent compared with the quarter ending in December.

For a labor market expert, these results are frankly alarming, to say the least, if they are in fact a faithful reflection of the situation. The differences cannot be attributed to seasonal phenomena since these effects are rather insignificant, as one can see for the respective months of 1995.

When one analyzes the results obtained by the University of Chile, one observes that unemployment is not as volatile as shown by INE figures.

Actually, the fact is that the methodology previously used by the INE was flawed, causing its results to be systematically in error as time went on.

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The main problem with that methodology is that it fails to take into account the growing population belts found on the periphery of the city, but instead retains the results of the last 1992 census as constant.

These poverty belts have higher rates of unemployment than the rest of the Greater Santiago population that was studied.

Unemployment is therefore underestimated, which is one of the main differences with the methodology used by the University of Chile. The latter has routinely taken such variations in the population surrounding the city of Santiago into account.

Given the gravity of these circumstances with respect to the unreliability of official results released by the INE and the well-founded suspicion that historical unemployment data also suffer from systematical underestimation, there is a need for figures that are both reliable and credible.

One must emphasize that it is fundamental for both economists who design economic policies and academic economists to have economic data that are the product of a methodology that is homogeneous in time and based on definitions of concepts that remain unaltered. In the absence of such data, it is difficult to draw conclusions that are comparable in time.

Previous to 1991, the University of Chile Economics Department had computed national unemployment just as the INE does today. Its surveys were interrupted when the Central Bank decided to suspend financing, even though a study ordered by the Bank itself and done by an impartial, independent institution (ILADES-Georgetown University) suggested that the methodology followed by the University of Chile was clearly superior to that used by the INE:

1) The methodology was homogeneous in time and relevant definitions were maintained, which was not true of the INE.

2) The University of Chile's methodology surveys heads of household on weekends, while the probability of the INE surveying the head of the household directly is very low because its polling is done on work days, and so on. The study states textually that: "The University of Chile's survey is superior to that of the INE with respect to continuity in time and homogeneity of results. This point has important implications for any analysis of and research on the labor market."

All of which reinforces the need for national unemployment figures other than those from the current official sources. This would guarantee that the government institution in question (INE) does not monopolize the generation of employment statistics (in this case, the survey of national employment). At the same time, control mechanisms would be created guaranteeing the appropriate transparency in the processing of data and methodology used. At the present time, neither of these two conditions unfortunately exists.

Chile: Public Attitudes Toward Environment Viewed

96GE0059A Santiago EL MERCURIO in Spanish 10 Jun 96 p C9

[FBIS Translated Text] Javier Vergara, the metropolitan director of Conama [National Environmental Commission] has warned that the community is evading responsibility for the air pollution problem affecting Santiago. He deduced this attitude from a recent environmental survey conducted by Adimark.

In his opinion, the fact that 79.9 percent of the poll's respondents are calling for drastic measures from the authorities, attributing to them an ever growing responsibility for reducing pollution in the capital, reveals a demand and at the same time a lack of commitment which are disturbing, as people are not willing to pay for the costs of the environmental plan.

"This is disturbing, especially when we consider that once Santiago is declared an [ozone]-saturated area, the costs of the new pollution-abatement program will have to be borne by the people of Santiago, not by the rest of the country."

However, the president of Renace [National Environmental Action Network], Sara Larrain, interpreted the citizens' demands differently—as indicative of their readiness to accept very stringent environmental measures.

She said that not only does this survey reveal the population's increased awareness of the issue, but also their strong criticism of the measures adopted to date.

The director of Sesma [Metropolitan Environmental Health Service], Dr. Mauricio Ilabaca, rated the survey's results positively, feeling that they express a determination that stronger initiatives should be applied, and the impacts of these initiatives accepted.

Still, he noted that the pollution problem is not something that the government can deal with by itself.

Last Monday Adimark and Citizens' Environmental Action released a special survey reflecting the majority and growing support for stronger regulations to deal with pollution. A total of 79.9 percent of the 609

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respondents favored this type of tool to definitively eliminate the pollution afflicting the Santiago basin.

The study, requested by Conama, was conducted only in Santiago, between 25 April and 24 May 1996.

Based on the 1995 survey, the perception that pollution abatement is solely the government's responsibility rose from 25 percent in 1995 to 37.9 percent; therefore, support for the option that listed pollution reduction as the responsibility of all the people of Santiago was correspondingly lowered.

Daily Sacrifices

According to Sara Larrain, the people's demands reflect the lack of governmental initiative to resolve the poor environmental conditions in Santiago. "While the people are demonstrating their willingness to change their behavior, the executive's proposals and language are highly resistant to change, lacking clear ideas and messages to lead the community."

Ilabaca responded that there are channels through which the population can express their interest in the ecosystem; he claimed that there are still people who violate regulations as basic as the ban on the use of open burning.

Javier Vergara noted the role which the Conama Advisory Committee will play. In accordance with the Environmental Framework Law which was passed last March, it will collect and articulate the ideas of organized institutions, nongovernmental organizations, and businesses.

In addition, he emphasized, there are many ways in which the community can help to alleviate pollution. "Everyday sacrifices like cleaning the streets, keeping vehicles in good operating condition or not using them, all add up in this effort."

Renace proposed that, on a governmental level, there be a metropolitan authority to coordinate traffic flows between different areas; that onstreet parking be reduced, as congestion now forces people to drive around five or six times to find a parking place; and that traffic patterns be staggered by time, as is done on Avenida Andres Bello.

Another conclusion of the Adimark survey referred to the degree of responsibility for pollution attributable to various sources of gas and particle emissions. Of the survey's respondents, 77.1 percent cited buses and taxibuses as the principal sources of air pollution in Santiago.

Colombia

Colombia: New DAS Director Assumes Post, Outlines Plans

PA0907050996 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 9 Jul 96

[Report by Raul Gutierrez; from the "24 Hours" newscast; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] Jaime Cabrera, deputy justice minister until today, was sworn in a new DAS [Administrative Department of Security] director.

A lawyer specialized in financial law, the new DAS director is the third man appointed since the Samper administration began 23 months ago.

The secret police that Jaime Cabrera will develop will be based on the good things that the DAS currently has.

[Begin Cabrera recording] I know that many of the aspects of intelligence have already been invented and we must abide by them. That is why one of the ideas I have for the DAS is to give a lot of emphasis, and increase as much as possible, the issue of international technical cooperation. [end recording]

The new DAS director admits that the institution lags behind, technologically speaking.

Colombia: Samper Warns Of 'Politicization' of Justice

PA0707025996 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 6 Jul 96

[Report by Ricardo Espinoza Vasquez; from "The Latest News" newscast]

[FBIS Translated Text] Santa Fe de bogota — President Ernesto Samper Pizano said today that justice in Colombia faces the threat of being politicized, clearly referring to Assistant Prosecutor General Adolfo Salamanca's harsh criticism during an international forum on political corruption and justice.

The Colombian president explained that he has stated on many occasions that this is a danger to which justice is truly exposed. I fully respect the courts' actions, I fully respect legal rulings, and I hope that judges continue to speak through legal rulings. It is not good to cause controversies over court rulings, nor is it good to use legal rulings as arguments to sponsor public discussion.

I believe the country has been warned about the dangers that the politicization of justice or the [word indistinct] of politics has caused in other parts of the world, and I

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hope this does not happen in Colombia's case, the head of state said.

Colombia: Constitutional Reform To Allow Extradition Urged

PA0307121196 Santa Fe de Bogota EL TIEMPO in Spanish 2 Jul 96

[Article by Jose Alvear Sanin: "Constitutional Reform and Then Extradition" — received via Internet]

[FBIS Translated Text] No other country was ever prouder than the UK. However, since the times when it was the largest empire in history, the extradition of nationals was its standard, because it is believed that British criminals dishonor their country and they do not deserve the right to be protected by their fatherland.

The United States is quite right from its own point of view when it calls upon its current extradition treaty with Colombia, and in fact we are also signatories of the International Extradition Convention. Nevertheless, our government acts properly in reminding the United States that an article in the 1991 Constitution prohibits the extradition of Colombian nationals.

Although both treaties are valid and despite the fact that Article 9 of the national Constitution speaks of "acknowledging the principles of international law that Colombia has accepted," the extradition of Colombian nationals could not be accepted unless the Constitution is amended.

Nonetheless, nothing is easier than submitting to Congress a bill that will allow us to honor our extradition obligations. The well disciplined congressional majorities in the government will not let the president down whenever he wishes to submit the necessary amendment for the consideration of both chambers.

If the government presents this bill and if the Congress approves it, then the Congress will start to become independent from what appear to be its links to drug mafias, and it will recover its dignity.

Colombia: Paper Views U.S. 'Pressure Tactics' on Nation

PA0407160596 Santa Fe de Bogota EL ESPECTADOR in Spanish 30 Jun 96 p 7a

[Report by Ernesto Samper Nieto "especially for EL ESPECTADOR"]

[FBIS Translated Text] The U.S. Government has been very closely following the various phases of the current government, much before Samper's presidential inauguration in 1994. The latest events led to the belief that, although the old U.S. strategy is being maintained, there has been a change in the pressure tactics being used to accomplish a double objective: first, to maintain the traditional line of the U.S. anti-drug policy (frontal war beyond the U.S. borders); and, second, to minimize the risk of a prolonged failure of the strategy turning into a weak point in the Clinton administration in an election year. It is true that a hardline policy for Colombia will not be a determining factor in a very probable reelection of Clinton in November, but it is also true that an attitude that may be perceived as too soft could be capitalized upon by the Republicans to attack the Democratic President.

Robert Gelbard, U.S. under secretary of state for international and law enforcement affairs, said not long ago that in 1993 he warned then-precandidate Samper that his government knew that the Cali cartel had plans for his election campaign. This was a first warning, one of a cautioning nature perhaps, with which they were trying to determine the position of Gaviria's possible successor on an issue that day after day is more important in U.S. politics. But in the face of silence and lack of action from the candidate, it is evident that it was decided to use the weak spot in the campaign to pressure the new government into following State Department orders.

After the second electoral round, Gelbard again met with Samper and apparently hinted to him that the United States "would play blind" if the Colombian Government were to make evident from the very beginning a frontal war against the Cali cartel.

The successful jolting of the cartel allowed the U.S. Government to pat the Colombian Government on the back, while behind closed doors it kept twisting its arm. This was impaired when Andres Talero and Santiago Medina disrupted U.S. plans and forced the U.S. Government to modify its public position before the Samper administration. The confession of the treasurer of the entrance of drug-trafficking money into the presidential campaign made it impossible for the U.S. Government to continue "supporting" (on the surface only) the government's struggle against the cartel, fearing Republican attacks headed by reactionary Senator Jesse Helms.

The preclusion of the Samper case in the Chamber of Deputies coincided with a power rivalry between Gelbard, the traditional leading spokesman in the U.S. Government on the drug issue, and General Barry McCaffrey, the new antidrug czar. While the first one dislikes President Samper and does not hide his almost general aversion toward Colombia, the second, as a good soldier, is aware of the strength that having "the enemy" against the wall, and his objective is to have results. If Gelbard sees overthrowing Samper and telling the world that the United States does not tolerate

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corrupt governments (unless the villain is made in the USA), as his priority, the second wants reductions in the entrance and consumption of drugs into the United States, caring little or nothing at all about who governs here. The domestic struggle for power, which seems to be inclining in favor of McCaffrey, who has become the leader of the interinstitutional team, unbeaching Gelbard, is perhaps a manifestation of a new multifrontal-attack tactic.

Recent measures and announcements, such as the detention of a LAC plane in Miami, the eventual closing of Avianca's direct route to New York, through pressure by American Airlines; the warning to the Colombian financial system; the letter from Attorney General Janet Reno asking for a constitutionally impossible extradition; and the ever-present threat of economic penalties, have the Gelbard seal. While McCaffrey requests and obtains funds to continue the war south of the Rio Grande, Gelbard helps him a little, showing claws to the Santo Domingo Group, and Reno exposes the government to public ridicule, in what the gringos call a no-win situation, and we understand as heads I win and tails you lose.

This way, using guerrilla tactics, attacks are being made from all sides, trying to further weaken the government in a game that could be very dangerous and have self-defeating results. The United States apparently does not understand that the more direct the meddling, the more antipathy it generates, especially among the masses that believe in the government's populism.

The new U.S. Government tactics, which are aimed at further cornering a government it had kneeling before it was sworn in, could generate outbreaks of anti-U.S. violence, which would not help either country. The government's defense tactics, confused and contradictory, do not contribute to improving the atmosphere either. The president speaks about relations being in the recovery room, but Frechette says they are still in intensive care. What everybody seems to forget is that which room relations are in does not matter, what does matter seriously is that they are still in the clinic and that the doctors insist on insulting each other while the disease harms millions of defenseless citizens.

Colombia: Samper To Publish List of Firms Laundering Funds

PA0707022096 Madrid EFE in Spanish 2231 GMT 6 Jul 96

[FBIS Translated Text] Bogota, 6 Jul (EFE) — Colombian President Ernesto Samper announced today in Bogota that he will soon publish a list of foreign companies that are accomplices in laundering dollars through their operations abroad.

In mid-June, Samper had promised he would publish such a list once the Chamber of Representatives ruled that he was not responsible for the millions [currency not specified] received from drug trafficking to fund his electoral campaign.

"In the next few days, I shall publish a list (...) of those foreign firms in countries other than Colombia that are somewhat serving as accomplices to these money-laundering activities," the president said in a news conference held in the outskirts of the Colombian capital.

The president explained that the list will reveal the firms that sell contraband products used to launder dollars in their country or that supply chemicals used to process coca leaves and in the manufacture of cocaine.

Likewise, he went on, he will include those companies that facilitate money laundering through the banking system.

"We hope that friendly governments will apply drastic sanctions on these firms, which through their fraudulent activities, contribute toward increasing or allowing the recycling of drug trafficking monies," the Colombian president stressed.

Colombian authorities have established that contraband has become one of the main sources of money laundering assets from drug trafficking.

This illegal entry of merchandise, which is done at low cost, has affected several production sectors, such as the textile and clothing manufacturing sectors, which the government has decided to protect through safeguard clauses.

Colombia: Chamber President Proposes Group To Fight Drugs

PA0907013096 Santa Fe de Bogota EL TIEMPO in Spanish 8 Jul 96

[Received via Internet]

[FBIS Translated Text] Tulua — Chamber of Representatives President Rodrigo Rivera Salazar has said that Colombia "has nothing to gain by debating the topic of extradition while being affected by a unilateral decision."

Rivera explained that that situation has no consideration for the country's dignity, and advised the use of multilateral formulas, such as the creation of an international organization, to combat drug trafficking.

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Through this organization, all the aspects that foster the development of this crime could be tried and sanctions could be imposed, even within the territory of each one of the countries, he added.

"We must also think of strengthening our own judicial and penitentiary institutions with harsher systems that entail increasing sanctions," Rivera said during a meeting held Saturday in this municipality in the north of Valle del Cauca Department, which was attended by the department's Liberal Party spokesmen.

In addition, Rivera questioned the controls by U.S. authorities to prevent the smuggling of narcotics into their territory. "I cannot imagine that a production and distribution cartel does not have its counterpart in the United States."

In addition, "there is corruption in customs, and in the justice and police departments of the United States, as they allow tons of drugs to be dumped into their streets, yet they will rather see someone else's faults and not their own," he added.

Colombia: Government Said Complying With 'Crisis Agenda'

PA0507202296 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 5 Jul 96

[From the "National Newscast"; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] Although U.S. Ambassador Frechette has denied there is a crisis agenda, the latest political events lead us to believe the government is gradually and strictly complying with the points contained in the document the magazine SEMANA has revealed.

Stop Marco Tulio. The government accepted the resignation of DAS [Administrative Department of Security] Director Marco Tulio Gutierrez one day after the Frechette agenda was revealed.

Reinstate extradition. When Janet Reno asked for the extradition of the Cali cartel chieftains, Justice Minister Carlos Medellin gave a round no for an answer, but he changed his tone yesterday:

[Begin Medellin recording] I believe the debate has to be opened to reexamine the advisability of whether to allow extradition. [end recording]

Results in the eradication of drugs and the fight against drug traffickers. Government officials visited Guaviare this week to supervise the results of their operations. Also, spectacular operations against Mickey Ramirez [not further identified] and Pastor Perafan [not further identified] were carried out.

Try drug traffickers on murder charges. The Prosecutor's Office has linked three nephews of Gonzalo Rodriguez Gacha to the murder of Luis Carlos Galan.

No reforms of the Prosecutor's Office:

[Begin Vice President Humberto de la Calle recording] I believe it would be very detrimental to discuss reforms of the Prosecutor's Office at this time, even if, in essence, it is valid to do so. [end recording]

Greater security in the jails where drug traffickers are kept: New INPEC [National Prison and Penitentiary Institute] Director Colonel Rafael Pardo has made the announcement:

[Begin Pardo recording] We will examine several jails, particularly the high security prison centers, to see what changes need to be done. [end recording]

Scold Foreign Trade Minister Morris Harf. After he had said the United States had promised not to implement economic sanctions against Colombia, Minister Harf also has lowered his tone.

[Begin Harf recording] I have never said they had promised not to impose sanctions. What U.S. authorities have always stated is that they have no intention of imposing commercial and economic sanctions. [end recording]

Curiously, after the agenda was made public, six of its 20 points have been cleared.

Colombia: Extradition Viewed, Drug Legalization Advocated

PA0507003196 Santa Fe de Bogota EL TIEMPO in Spanish 2 Jul 96

[Article by Hernando Gomez Buendia: "Touching Bottom. What Does Extradition Mean?" — received via Internet]

[FBIS Translated Text] We are not a sovereign state; we have spent years being shoved around by drug traffickers and the DEA. In 1979, they shoved us around with an extradition treaty riddled with arbitrary aspects. In 1986, they shoved us around with the legalese that the treaty is not enforceable because of one signature. In 1991, they shoved us around with nonextradition. In 1996, they are shoving us around with the demand that we abide by the treaty.

On account of that shoving, Colombia was left in an untenable position in terms of logic and ethics. We are the world champions of prohibition and are seeking all

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forms of international support, but have not succeeded in ending the operetta in our jails and abolished extradition some time ago.

Our sword of Damocles represented a big incongruence. If we had any concept of the planet we live in, we would not have wasted time in the deception of a penal proceeding at the Chamber of Representatives. Beyond guilt or innocence, we would have grasped the formidable political responsibility entailed in turning Colombia into a pariah state and encouraging those who define us as a haven country for big criminals, because that, no more no less, is the billing invoice [cuenta de cobro] Ms. Janet Reno has sent the Samper government.

To be sure, an abusive and contorted billing invoice, that falls on the just and sinners alike, that is unconcerned if it brings narcoterrorism back to life, that, most of all, is lacking in moral authority because the root of the problem can be found in the United States as Clinton lost the purported "war" on drugs and because extradition is another pretext for his electoral campaign.

In international politics, however, there are no friends, just interests. There is no reason why the United States should be a "friend" of Colombia. It is defending its national interests with absolute coldness. Moreover, besided the fact that it is a superpower, this time it has the three trump cards: First, the world will take for granted that a narcodemocracy shelters drug traffickers; second, no allies will support this incongruence and liability; and third, the extradition treaty is in force before any international court, as the justice minister has acknowledged.

The problem is not that Colombia will extradite anyone. The government neither wants to do it nor can it do it. What is more, it can allege that, under certain circumstances, domestic law prevails over treaties, and even U.S. courts have said as much. The problem is that Colombia is not going to extradite anyone. No international court has ever accepted the view that internal law prevails, and what is at stake in this case is the geopolitical "status" of a state not the fate of handful of drug barons.

Deep down, this is not a matter of extradition. According to the U.S. Justice Department, that country has obtained the extradition of over 300 drug traffickers all over the world. Yet the drug demand keeps growing unperturbed. Inversely, there are more Colombian drug traffickers on U.S. streets than here, for the very simple reason that the big profits are made there, not here.

Extradition is a symbol. It is a symbol of the lack of symmetry in the world: to demand that a country hand over those who have destroyed its values, institutions, and sovereignty for the crime of feeding the vice of foreign youth. It is a symbol of our ethical incongruence before the world. It is a symbol of the leading class that does not think in terms of the national interest and is torn between the lawyers of the mafia and the ones of the DEA. It is a symbol of our inability to accept ourselves as moral individuals and defend, in front of everyone, a rational option: the coordinated legalization of the drug epidemic and the internationalization of the courts to control the dark, violent, and corrupting drug market.

Colombia: Police Close Down 110 Currency Exchange Houses

PA0707042796 Madrid EFE in Spanish 1929 GMT 6 Jul 96

[FBIS Translated Text] Bogota, 6 Jul (EFE) — Police authorities in Bogota announced that a total of 110 currency exchange houses were closed down in several Colombian cities during a crackdown on firms suspected of laundering drug trafficking dollars.

These exchange houses are part of 220 that were searched on Friday by the National Police in the second operation of this type this past month.

Five people were detained during the offensive, which also ended with the intervention of several bank accounts and the confiscation of firearms, communications equipment, and cars.

Colombian Police Deputy Director General Luis Enrique Montenegro said that the most important evidence that currency exchange houses are used to launder money was found in the city of Cucuta, on the border with Venezuela.

"In this city we seized documents that refer to illegal transactions worth more than 5 billion pesos ($4.68 million)," the official said upon presenting in Bogota the results of the offensive.

A huge movement of dollars with banks in the U.S. cities of Miami and New York and financial entities in Venezuela were carried out from Cucuta, Montenegro said.

In that city, 32 currency exchange houses were intervened, the police officer added. He said that the operation also included these sorts of establishments in other border cities, such as Riohacha, in the peninsular Department of La Guajira.

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Colombia: Major Anti-Drug Operation in Guaviare Reported

PA0707034296 Santa Fe de Bogota EL TIEMPO in Spanish 4 Jul 96

[Received via Internet]

[FBIS Translated Text] One year after FARC [Revolutionary Armed Forces of Colombia] subversives attacked a helicopter of the Counternarcotics Police in Miraflores (Guaviare), an incident in which an officer of that institution died, the Armed Forces launched a major offensive to eradicate coca leaf plantations and cocaine production and trafficking in that area of the country.

Defense Minister Juan Carlos Esguerra and top military leaders visited San Jose del Guaviare yesterday and handed to the media the initial results of the so-called "Operation Conquista," which started on 15 May and focused on Miraflores, to destroy 16,000 hectares of illegal crops detected by satellites.

"Operation Conquista" involves the police and the Army and is supported by the Colombian Air Force and the National Navy, which deployed units by air and ground.

Military Forces Commander Admiral Holdan Delgado Villamil reported that in 49 days, 60 cocaine processing laboratories and about 1,600 hectares of coca plants were destroyed, and 277 persons were arrested.

He also reported the grounding of 57 transportation means, including vehicles, aircraft, and boats, and the destruction of 10 clandestine strips.

Meanwhile, Army Commander General Harold Bedoya Pizarro said that the key of this operation has been strict controls on the transportation of cement and gasoline, which are used to process this drug.

Bedoya added that they have also been able to establish effective controls of the transportation of passengers and cargo.

According to Adm. Delgado, "'Operation Conquista' will continue until the last coca plant is destroyed."

Colombia: Military Destroys Coca Labs in Vaupes, Guaviare

PA0807014896 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 4 Jul 96

[From the "24 Hours" newscast; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] Military forces have struck at the heart of coca fields in Vaupes and Guaviare Departments as well as in the country's eastern jungles and llanos.

Thirty coca labs have been destroyed in these two departments in one month. More than 2,000 hectares of coca fields have been sprayed. All this plus the seizure of large quantities of gasoline and cement have left the majority of people in this region jobless.

A true (?commotion) started in Miraflores, in the middle of Guaviare, more than one month ago when the government declared this area a Special Public Order Zone. The cost of living in Miraflores has risen by 100 percent, and the number of jobs decreased considerably. Despite this crisis, most of the residents refuse to leave:

[Begin unidentified speaker recording] Sales in the store have dropped to 50 percent. Everything is more expensive now. [end recording]

Military forces continue to destroy coca fields, but more than 40 people have been arrested:

[Begin Defense Minister Juan Carlos Esguerra recording] First, this action indicates a full commitment by military forces in the struggle against drug trafficking. Second, military forces can operate harmoniously as they have been operating. [end recording]

A new tool in this permanent effort is an academy that will begin operating on 8 July to train personnel in fighting drug guerrillas. The first students will be Navy, Army, and Air Force officers.

Colombia: Military Heads Complain About Budget Reduction

PA0707183796 Santa Fe de Bogota EL TIEMPO in Spanish 6 Jul 96

[Received via Internet]

[FBIS Translated Text] Military Forces Commander Admiral Holdan Delgado asked the government to study the possible implementation of emergency legislation.

Top military leaders requested yesterday from the government a larger budget to tackle the various of forms of violence afflicting the country.

Military Forces Commander Admiral Holdan Delgado and Army Commander General Harold Bedoya Pizarro said they requested a budget of 2 trillion pesos, but the government has gradually decreased the budgets used to operate the Army, Air Force, and Navy.

According to the officers, the National Planning Department advised them the military forces budget will be cut by 300 billion pesos during the second half of 1996.

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Defense Minister Juan Carlos Esguerra Portocarrero agreed with the top military leadership's complaints regarding the budget cuts, and he noted that "this is exactly what I have been saying, along with the commander, for a long time. We have discussed these issues with business associations, the Congress, and other sectors of the country. I have personally made efforts in this regard because I believe the country needs them."

The new cut left the public force without 800 billion pesos that had been included in its budget for this year.

The officers participated yesterday in the forum "Public Order from the Military Forces' Perspective" organized by the Colombian Research Center held at the Tequendama Hotel.

During his speech, Delgado made an extensive report on the public order situation facing the country, and he urged the government to study the possibility of implementing "emergency legislation for an emergency situation."

Delgado said impunity, subversion, and organized and common crime are the main generators of violence in Colombia.

"The actions of the guerrillas are the actions of criminals who are at war with the country," the officer pointed out. He added that subversion has collected 71.275 billion pesos through criminal activities, "much more than what they used to obtain from countries that supported them during the so-called Cold War."

Meanwhile, Gen. Bedoya Pizarro stated that in his opinion the Military Forces' worst enemies, among others, are the current judicial system, policies toward minors, the proposal to abolish mandatory military service, and oversight of his men by the Attorney General's Office and the Prosecutor General's Office, which, in his opinion, "are infiltrated."

Bedoya strongly criticized the Colombian judicial system. He said the public force has faceless enemies and complained about the restrictions imposed on military penal justice.

"Those enemies are within our judicial system. Before the constitutional reforms, the executive branch was empowered, in an emergency situation, to allow military penal justice to handle crimes such as kidnaping, extortion, drug trafficking, and terrorism," he added.

As for oversight work on the public force, the army chief stated: "Today's laws include commas, quotation marks, asterisks, and a 1,000 other things, and thus, the new Constitution did not turn out as the congressmen had intended. Officers who are fulfilling their duties are filling up prisons and being investigated on a daily basis."

Bedoya pointed out that "they now invented a human rights ombudsman's office that is opprobrious." As for the work of the public prosecutor's office, the general noted that the "Prosecutor General's Office investigates without knowing the true essence of a military man, what he is defending, what he feels, what his values and principles are, and what is behind his actions."

Finally, Bedoya questioned investigations of military men based on "telephone calls, letters, and anonymous witnesses."

Colombia: Court Finds Public Order Zones Constitutional

PA0707151296 Santa Fe Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 5 Jul 96

[From the "National Newscast"; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] The Constitutional Court has just issued a ruling on the legal status of public order zones. Yolanda Gomez is standing outside Court headquarters. Yolanda, good afternoon. What did the Court decide?

[Gomez] Good afternoon. The Constitutional Court has just ruled in favor of the government's creation of public order zones. The Court has ruled that the decree that created the zones adheres to the Constitution. There were two dissenting votes by magistrates who oppose the creation of public order zones. They are Magistrates Carlos Gaviria, president of the Court, and Jose Gregorio Hernandez.

But three of the legal provisions included in the decree were thrown out. The first one gave the military the power to decide which sites would become public order zones. The Court ruled that only the governors have that power. The second provision to go required residents to register at the offices of the different mayors inside the public order zones.

According to the Court, that provision restricted the right to residence of all Colombians. The third provision to be thrown out gave the governor the power to arrest people in the public order zones. The Court ruled that only the judges have this power.

Let us listen to Constitutional Court President Carlos Gaviria explain why the Court ruled that the decree adheres to the Constitution:

[Begin Gaviria recording] Conduct that is restricted or banned in the decree is already guaranteed by

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the Constitution itself or by statutory laws during exceptional measures. The decree that authorizes the delimitation of the special public order zones does not really include anything different from what is already explicitly or implicitly contained in the articles of the Constitution on exceptional measures and statutory laws during the same. [end recording]

Headaches or real solutions to the problems of crime? Civilians disagree on the public order zones, as do authorities from the municipalities being affected by the measure.

According to residents, it has become a real pain living in one of the public order zones. It means not having the liberty to move from one village or city to the next. Besides their personal identification cards, zone residents are required to carry and show a special safe-conduct in order to move around. Residents say that curfews and military checkpoints are everyday fare.

More than 1.3 million residents live under these types of limitations. They come from five departments: Antioquia, Guaviare, Vaupes, Meta, and Caqueta.

The government has justified the creation of public order zones by explaining the need to discourage new acts of violence and guarantee the safety of civilians. But the mayors say that the public order zones are, on the contrary, quite dangerous, since they are measures of war that limit the possibilities that two conflicting sides may sit down and talk. They also curb the authority of mayors, who are acting as local administrators.

Colombia: Military Welcomes Ruling on Public Order Zones

PA0707150696 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 6 Jul 96

[From the "24 Hours" newscast; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] Military leaders have welcomed the Constitutional Court's decision regarding public order zones. They said that the guerrillas are the only ones opposing them:

[Begin recording] [Military Forces Commander Admiral Holdan Delgado] High court rulings must be complied with, and thus, we will study this one and abide by it.

[Army Commander General Harold Bedoya] What really matters is that public order zones will continue to exist. I think that this will allow us to control certain regions such as Guaviare and Uraba.

[Defense Minister Juan Carlos Esguerra] This will continue to give us the possibility of proceeding to fulfill tasks that have been successful so far in the existing zones and those that will be delimited in upcoming days. [end recording]

Colombia: Samper Launches Job-Growth Strategy

PA0807035896 Santa Fe de Bogota EL TIEMPO in Spanish 7 Jul 96

[Received via Internet]

[FBIS Translated Text] President Ernesto Samper yesterday launched a strategy to reactivate the creation of jobs and to improve Colombians' standards of living.

In a meeting with the economic team at the Hato Grande hacienda in the outskirts of Santa Fe de Bogota, Samper and his cabinet established the guidelines of the social plan.

One of the leading aspects is the creation of employment through public investment in road construction, the development of railroad programs, the improvement of bridges, and infrastructure investment in general.

"We are going to bring greater benefits by using already approved IDB loans to develop specific employment programs in 500 municipalities," Samper said at the end of the meeting.

The president said his administration will give greater importance to employment for women, particularly to companies that use this labor force, because women have been hit hardest by unemployment, which reached 10.4 percent in the first quarter of this year.

Samper announced the creation of some unemployment insurance through which two state institutions will cover the Social Security contributions and the house payments of unemployed individuals.

Aviation Agreement

As for the aviation conflict between the United States and Colombia, the president is confident a solution will be reached with the U.S. Government and aeronautics authorities to avoid having to use the option of filing suit against the aeronautics agreement.

The president reiterated that there should be greater cooperation between the two nations and that "history rather than hysteria should prevail."

"There are many more things that can bring the two countries together than things that can distance them," Samper said, adding that Colombia will continue to uphold its sovereign right to continue forward in the struggle against drugs.

As for the comments of Assistant Prosecutor General Adolfo Salamanca who has said President Samper's

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exoneration was a monument to cynicism, the president said: "My golden rule is not to become involved in an argument with the judges of the Republic even if I have my own opinions on the conduct of certain individuals who have this grave responsibility."

Ecuador

Ecuador: Bucaram To Devote Efforts To 'Defeat Oligarchy'

PY0807214596 Madrid EFE in Spanish 0227 GMT 8 Jul 96

[FBIS Translated Excerpt] [passage omitted] The outcome of the election had no sooner been known than Abdala Bucaram's house resounded with peals of laughter and tears of happiness. Addressing the members of the press as soon as he could, Bucaram thanked Ecuadorans for the support they gave him to help him assume office "to defeat oligarchy," the standard-bearer for which was, in the opinion of Bucaram, his rival Jaime Nebot.

The now virtual president of the Republic made these remarks after having yelled out at friends and bodyguards so that they would leave the room, where "only the press were allowed."

Bucaram, 44, briefly told EFE news agency that his administration will devote all its efforts to help the poor and "crush the oligarchy which is destroying our country."

All of a sudden, most of Bucaram's supporters appeared, as if by magic, dressed in T-shirts on which Bucaram's photograph was printed, and began an interminable procession through the city both on foot and in cars.

Bucaram's wife, Maria Rosa, who appeared 45 minutes after the outcome of the election was known even if reporters had practically invaded her home, told EFE that rather than a victory of her husband, the election result was "the Ecuadorans' glory." [passage omitted]

Ecuador: Bucaram 'Conciliatory' Toward Other Parties

PY0907004496 Madrid EFE in Spanish 0320 GMT 8 Jul 96

[FBIS Translated Excerpt] Quito, 7 Jul — Ecuadoran virtual President-elect Abdala Bucaram, 44 years of age, showed a conciliatory position toward other political parties after learning of his eventual victory in the elections held on 7 July.

According to unofficial figures obtained at the vote-tallying stations, Bucaram obtained 54.3 percent of the vote while his rival Social Christian Jaime Nebot obtained 45.7 percent.

"I call on my political rivals to an understanding, that the Ecuadoran people have chosen Abdala," Bucaram said in reference to his rival Jaime Nebot.

He said: "Ecuador needs all of us, absolutely all of us. I will search for the best men so that Ecuador can have a great government, I will search for men of all political trends because the situation of our country is critical."

He took advantage of this opportunity to remind the people that this is the first time in the history of the country that a loquito [crazy little man], which is what he calls himself, becomes president, and that a woman becomes vice president.

Vice President-elect Rosalia Arteaga, 39 years of age, said that "we are sure we will have a good work team for the country," and that all the promises made during the campaign will be fulfilled.

Arteaga termed her election a "historic responsibility." She said she is willing to show with positive facts her ability to be vice president, which is the first time in the history of this Andean country of 11 million people that a woman becomes vice president.

Bucaram and Arteaga reported that they will announce on 17 July the name of the cabinet members who will be in the four-year administration that starts on 10 August.

Jaime Nebot admitted his defeat but warned the Ecuadoran people that he will carry out a constructive opposition in representation of 45.7 percent of Ecuadorans who supported him in the elections. [passage omitted]

Ecuador: Official Results To Be Released 'in 10 Days'

PY0907011396 Quito Voz de Los Andes in Spanish 2300 GMT 8 Jul 96

[FBIS Translated Text] Carlos Pardo, President of the Ecuadoran Supreme Electoral Board [TSE], has reported that the TSE will release in 10 days the official results of the Ecuadoran presidential runoff elections held on Sunday. Abdala Bucaram is the unofficial winner of the elections.

Until the vote tally is concluded, first in the provincial courts and later at the Supreme Electoral Court, TSE, we must wait 10 days to officially proclaim the winner of the runoff elections, Pardo said.

He added, however, that the people already know who won and who lost the elections. Abdala Bucaram won by 360,000 votes, although these are unofficial results.

TSE President Carlos Pardo said that these elections were better prepared than the May elections because we have adopted the necessary and rather drastic measures.

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These measures have yielded the expected results, and we have received the expressed congratulations from the hundreds of international observers who oversaw the electoral process.

Ecuador: Duran-Ballen Praises Electoral Process

PY0907033796 Quito Voz de Los Andes in Spanish 2300 GMT 8 Jul 96

[FBIS Translated Text] Ecuadoran President Sixto Duran-Ballen has said that all Ecuadorans must feel proud because the national government has made it possible to develop an electoral process with absolute impartiality and freedom. The electoral process which ended on 7 July was perhaps the most orderly held in the country's history, Duran-Ballen said. He added that prudence prevailed during the electoral process so as to not create false expectations and so that the results would reflect the people's desire.

I will continue with that which was also unique: the transfer of information to the future government officials, the president said. He added that within the next few days he will meet with his successor to provide further details on activities carried out and those which are still pending. He said that a working meeting will be held between the incoming and the outgoing government officials in order to establish a working procedure, so that during the remaining days of his administration, the current ministers will brief those who will take over their posts.

He added that the new president must continue with this transition period when the time comes for him to hand over the presidential sash to the first president of the 21st century.

Ecuador: Biography of President-Elect Bucaram Outlined

PY0907005396 Madrid EFE in Spanish 0125 GMT 8 Jul 96

[FBIS Translated Text] Quito, 8 Jul (EFE) — Abdala Bucaram, the virtual winner of the presidential elections held in Ecuador on 7 July, of the Ecuadoran Roldosist Party (PRE), has a long-standing political career that began 20 years ago.

Lawyer by profession, Abdala Jaime Bucaram Ortiz was born in the industrial city of Guayaquil (Guayas Province, eastern part of Ecuador), on 20 February 1952, is married to Maria Rosa Pulley, and has four children.

He went to elementary and high school at the Cristobal Colon Salesian School of Guayaquil.

Bucaram, who is the eighth of 12 brothers, is a member of a Lebanese family, in which his uncle Assad stood out because of his political leanings. Assad is one of the most important populists of the country and founder of the Concentration of Popular Forces (CFP) party.

Although he is not working as a lawyer, he graduated from the Guayaquil State University law school, and obtained his "master" degree in Physical Education in Berlin, in 1972, year when he participated in the Olympic Games at Munich.

Several of his brothers have also participated in politics, not without some scandals, while his sister who was Guayaquil mayor, remains in exile in Panama, accused of presumed corruption, and Santiago is a current deputy in Congress.

Of a populist political leaning, lawyer by education and athlete by enthusiasm, Bucaram holds the national youth record of running 100 meters in 10.4 seconds.

In addition to sports, Bucaram has other records in his curriculum vitae, such as having faced 44 trials and having been exiled to Panama twice.

He was also a professor, among other institutions and schools, of the Naval School, the Superior Naval School, and of the Marine Infantry School.

The PRE leader is running for the third consecutive time for the Presidency of Ecuador. The first time in 1988, he also reached the runoff with Social Democrat Rodrigo Borja, who won the elections.

Abdala Bucaram introduced himself as leader of the poor, and he is the founder of the Ecuadoran Roldosist Party (1982), of which he is the political ideologist and was its director (1982-83, 1985, and 1991-93).

The most important public posts he has held are those of mayor of his birthplace in 1984, and police superintendent of his province, Guayas, in 1979.

It was in 1984 when Bucaram began his stormy relationship with Social Christian Jaime Nebot, when the former was mayor of Guayaquil and the latter governor of Guayas Province — whose capital is Guayaquil. Nebot was appointed by then Social Christian President Leon Febres-Cordero (1984-88).

In September 1985, Bucaram accused Febres-Cordero of being the instigator in the death of banker Nahim Isaias, who had been kidnapped by the "Alfaro Vive" group, and for this reason the Guayas Police superintendent, Nebot's subordinate, ordered Bucaram's arrest.

The case became more complicated by a new accusation of violating the national security law on stating that the Armed Forces, "by the simple fact of holding parades," uses up half of the national budget.

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After being underground, Bucaram went into his first exile in Panama. His second exile came three years later when a judge decided to reactivate a preventive arrest warrant against him for an accusation of embezzlement submitted two years earlier by the Febres-Cordero administration.

Of populist leaning and self-styled Social Democrat, Bucaram in his current campaign tried to temper his remarks which in the past had caused the negative reaction of a large number of voters.

Abdala Bucaram is a man of confirmed intelligence, a man who knows the problems of the country very well, whose temper and communications code have awakened great passions and profound rejections.

Ecuador: Background of Vice President-Elect Arteaga Noted

PY0907020196 Madrid EFE in Spanish 0126 GMT 8 Jul 96

[FBIS Translated Text] Quito, 7 Jul (EFE) — Rosalia Arteaga has become the first woman to become vice president of Ecuador by being the eventual winner on the ticket with presidential candidate Abdala Bucaram in today's elections.

She was born on 5 December 1956 in Cuenca (Azuay Province, southern Ecuador). She is married to Pedro Fernandez de Cordova and is the mother of three children — Pedro, Manuela, and Daniel.

Arteaga finished her secondary education in Rosa de Jesus Cordero Dominican School. She has a PhD in law, a degree in political and social sciences, and a "master's" degree in Basic Education and in Latin American Cultural Values.

She began her public life as delegate of the Cultural Under Secretariat for the Azuay and Canar Provinces. She was also a councilwoman of the Cuenca District for the 1986-1988 term.

She was under secretary of culture and later education minister from 1992 to 1994 under the administration of President Sixto Duran-Ballen, and she left the position over disagreements with the government's religious policy that wanted to impose one-hour mandatory religious teaching daily.

Arteaga is currently the director of the Independent Movement for an Authentic Republic (MIRA), which participated in the elections supporting the candidacy of Abdala Bucaram.

Arteaga said that when she becomes vice president she will be in charge of social issues in accordance with the agreement reached with Bucaram.

She has written several works, including articles, poems, and essays, and has received several awards such as the "Benigno Malo" as the best of her class at Cuenca State University.

Ecuador: Bucaram's Victory Creates Business 'Uncertainty'

PY0807224096 Madrid EFE in Spanish 1744 GMT 8 Jul 96

[FBIS Translated Text] Quito, 8 Jul (EFE) — Uncertainty is the common denominator of the Ecuadoran business groups in their reaction to the election of populist Abdala Bucaram as the Ecuadoran president-elect.

"Days of great uncertainty are ahead," Joyce de Ginatta, president of the Guayaquil Chamber of Small Industry, told EFE, warning that despite the fact that Bucaram "delivered a speech about reconciliation" after his election, "there is a big difference between what he said and what he will do."

Abdala Bucaram of the Ecuadoran Roldosist Party (PRE) obtained 54.3 percent of the valid votes in the 7 July runoff elections, while his opponent Social Christian Jaime Nebot obtained 45.7 percent, according to unofficial figures.

"We will be watching," said Ginatta, who added that "if the new president advocates ethical principles, justice, and equity, and governs the 11 million inhabitants, he will get our support, otherwise we will go to the opposition."

Among other measures, Ginatta's sector demands control over the deficit and inflation — currently about 22 percent — and that measures be implemented in favor of higher production and more jobs because, she said, "the country is tired of speakers and demagogues; what the country wants is men of action."

The economic sectors cannot forget that Bucaram came to the electoral campaign as the candidate of the poor people, who are his main supporters, and the fighter against oligarchy.

The situation after Bucaram's election is an environment of "speculation and uncertainty" until 10 August when he will be inaugurated and announce his new government, Alberto Acosta, economic analyst of the Latin American Institute for Social Research, told EFE.

Regarding the economic plans to be implemented by the new administration, Acosta believes "there will be no great changes or proposals from the current economic policy" of conservative President Sixto Duran-Ballen.

Acosta also said the situation "will not go to extremes of insecurity for industry or investments," and he recalled

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that Bucaram was supported during his campaign by the banking sector, "such as Roberto Isaias, owner of Filanbanco."

Acosta said that the challenge for Bucaram will be the economic sector to keep control over the fiscal deficit, "which is 1 percent and could go to 3 or 4 percent," the reactivation of production, and the refinancing of the public debt, "which is 58.1 percent of the state budget."

"There is a great uncertainty in the financial sector over the contradictory comments made by Bucaram and his main economic advisors," economic analyst Fidel Jaramillo told EFE.

Jaramillo explained that the financial sector fears the proposals made by Bucaram "to promote the parity between the sucre and the dollar, the adjustment of the country's banking system or his populist proposals such as the construction of housing for the poor, which are very difficult and expensive to accomplish."

He said that this is why "we hope a statement will be made as soon as possible on who will make up his government team and what programs will be implemented."

Jaramillo noted that this uncertainty created in the last few days "a great demand for dollars and a large amount of foreign currency leaving the country. He added that "interest rates are extremely high," and that "the international reserves of the Central Banks have decreased."

According to Jaramillo, the Central Bank has lost $120 million of its reserves and this week it is ready to lose more to stabilize the exchange rate, which today opened at 3,250 sucres per dollar and then dropped to 3,205 sucres after the Central Bank intervention.

"There is no reason for alarm and a call for prudence should be made because there should be no reason for concern," banking sources told EFE, despite the fact that Bucaram reiterated that the national banking system is involved in "usury" and that the financial system is overdimensioned.

Nicolas Espinosa, president of the Quito Chamber of Commerce, made "a call to be optimistic" because it is necessary "to think of the future, to think that internal tranquility is needed for development to be able to get the investments the country needs, to get investors to return from abroad."

Ecuador: Political Forces 'Realign' for New Leadership

PY0907011496 Quito Voz de Los Andes in Spanish 2300 GMT 8 Jul 96

[FBIS Translated Text] The Ecuadoran political forces are beginning to realign themselves, establishing positions concerning the future administration of virtual President-elect Abdala Bucaram.

Gustavo Larrea, a deputy of the central-leftist Ecuadoran Revolutionary Popular Action, APRE, has said that his party will participate in Bucaram's new administration. He added that this will be based on an agreement reached with Bucaram's party on the basis of some program guidelines such as fighting corruption, poverty, and an economic reactivation.

APRE leader Frank Vargas, who supported Bucaram, said however, that he will not accept any position within Bucaram's administration.

Analysts feel that Bucaram will have a weak political basis and that he will be forced to seek alliances within the unicameral Congress to counterbalance the expected opposition.

Conservative Deputy Galo Aguirre has said that once the political panorama is established, there will be a reorganization of the trends within Congress. He added that within the next few days the Conservative Party will call for a national assembly to establish its position with regards to the new government.

Rodrigo Paz, former presidential candidate for the Popular Democracy Party has reported that his political group will be attentive concerning the first measures to be adopted by Bucaram. Another party which has said that it will not join Bucaram's new administration is the leftist Democratic People's Movement, the MPD. MPD Deputy Juan Jose Castello has ruled out the possibility that some MPD members might cooperate with the next ministerial cabinet. He said that Bucaram has obtained a majority of votes that forces him to fulfill the electoral promises, in compliance with the need for changes in the country.

Ecuador: Bucaram To Make 1st Official Visit Abroad in Sep

PY0907034196 Quito Voz de Los Andes in Spanish 2300 GMT 8 Jul 96

[FBIS Translated Text] Ecuadoran virtual President-elect Abdala Bucaram will make his first official visit abroad in September, when he will attend the annual summit of the Rio Group in the Bolivian town of Cochabamba.

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Bucaram's presence at that international summit was confirmed by the Rio Group pro tempore Secretariat, and by the other 13 presidents of countries that comprise the Rio Group.

On 7 July, Bucaram won the runoff elections in Ecuador, and will assume power in August. The 10th Rio Group summit will be held on 3 and 4 September, and will be preceded by a meeting of foreign ministers.

The presidents of Argentina, Bolivia, Brazil, Colombia, Costa Rica, Chile, Ecuador, Mexico, Panama, Paraguay, Peru, Uruguay, and Venezuela, and the prime minister of Trinidad and Tobago.

Within the Rio Group Costa Rica represents the Central American countries, while Trinidad and Tobago represents the Caribbean countries.

Abdala Bucaram's presence at the forthcoming Rio Group summit on 3 and 4 September has been confirmed.

Ecuador: Colombians Arrested During Security Operation

PY0607005096 Quito Voz de Los Andes in Spanish 2300 GMT 5 Jul 96

[FBIS Translated Text] The Quito Police carried out an operation today in the north, center, and south of Quito, confiscating 11 weapons, two vehicles, and arresting seven individuals.

During Operation Democracy, which was organized to guarantee security in Sunday's elections, the police arrested several Colombians who are illegally in the country. They carried the following weapons: one pistol, ammunition, one sub-machine gun, and one revolver. Some of them were identified as Egberto Abasalon Homero, Jose Banegas, and Carlos Mauricio Quinteros Reyes.

Paraguay

Paraguay: ANR's Argana Supports 'Selective Privatization'

PY0907021396 Asuncion ABC COLOR in Spanish 27 Jun 96 p 3

[FBIS Translated Text] Luis Maria Argana, president of the National Republic Association [Colorado Party], said on 26 June that the Colorado Party is not against all privatization. The party proposes selective privatization. "Of course, we never contemplated a managerial state, a state competing with private companies," Argana told the press.

The Colorado Party president made these remarks during the ceremonies to welcome Brazilian President Fernando Henrique Cardoso. Argana was asked to elaborate on Colorado Party positions with respect to the economic policies of the President Juan Carlos Wasmosy's administration. Reporters wanted to know if the Colorado Party is against privatization as a matter of principle.

"No, it is not so. We speak about selective privatization. Of course, we never contemplated a managerial state, a state that competes with industries and private companies. But neither do we want a state that neglects people, a state that abandons the weak in the hands of the strong. We want a state that will regulate the economy, a state capable of controlling interest rates. We do not want interest rates that make development prohibitive and turn us into a financial and speculative fatherland, without creating sources of wealth, and allowing unemployment to grow to scandalous levels. This is, in summary, what we want," Argana answered.

The ANR president said that the party agrees with the privatization of APAL (currently Paraguayan Alcoholic Beverages, Inc), a company that produces goods and must industrialize and compete in the market.

"But we cannot privatize companies in areas where private competition is weak or impossible. We cannot privatize energy companies or the INC [National Cement Industry], but we can break their monopolies. The great Vallemi cement quarries belong to the Paraguayan people," Argana said.

The Colorado Party president said there are other quarries in Paraguay and it is all right if other cement companies want to produce cement in those quarries.

Argana said Corposana [Water and Sanitation Corporation] should not be privatized because it has an important social role, despite the fact that the corporation provides drinking water only to a minimal part of the population and the service is even worse in the area of sewage disposal. Argana said that Asuncion lived over a cesspool for four centuries because private companies did not have any interest in providing drinking water and sewage disposal, "which only the state was able to provide."

With respect to the Social Security Institute, Argana said that this monopoly cannot be broken up "because only the state can guarantee retirement compensations and pensions." However, he agreed that the monopoly can be broken in the area of medical services, which can then compete in the free market.

Asked about Antelco [National Telecommunications Administration] Argana said that basic services cannot be privatized, but monopolies are not necessary in all other new telecommunication services derived from

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new technologies, "if they do not create new private monopolies," Argana emphasized.

Paraguay: 1st Corp Officers Transferred to Interior Units

PY0907021496 Asuncion ULTIMA HORA in Spanish 8 Jul 96 p 2

[FBIS Translated Text] Some 20 First Army Corp officers have been transferred to different units since 4 July in pursuant to the "iron fist" policy that the Armed Forces Command office decided to implement as of 3 July in order to crack down on the outbreak of indiscipline in the Army. The practice will continue during the entire week, military sources reported this morning.

"All rumormongers are being sent to different barracks in the interior of the country. We cannot talk about a purge, although there is a good number of officers affected by the measure. The goal is to eliminate any possible source of problems at the Cavalry," the unofficial source told this writer. The "rumormongers" referred to by our source are officers who on 1 July demanded explanations from General Evaristo Gonzalez Maldonado, First Army Corps commander and probable future Army commander, on the trial of retired General Lino Cesar Oviedo.

Gen. Gonzalez had convened the meeting in order to calm down some Oviedoist officers whose insidious comments were sowing discontent inside the Cavalry. The strategy did not work, however, and the high command decided to harden its position and order the transfer mentioned above.

Arrests

There were strong rumors at the Armed Forces Command office this morning that the group of officers who signed notary acts supporting Gen. Oviedo were going to be arrested during the week.

Our sources explained that the decision will be an internal matter of the commanders under whose jurisdictions these officers are serving and that the disciplinary measure against them would last between two weeks and one month. The sources added that those disciplined would be, preferably, high-ranking and noncommissioned officers.

Paraguay: Wasmosy Says Gen. Gonzalez To Remain in Post

PY0807144896 Asuncion ULTIMA HORA in Spanish 4 Jul 96 p 3

[Report by Roberto Daniel Fleitas and Arnaldo Alegre]

[FBIS Translated Excerpt] Paraguari — President Juan Carlos Wasmosy, Armed Forces commander in chief, announced this morning that Major General Juan Evaristo Gonzalez Maldonado, I Corps commander, will remain in his post.

President Wasmosy made this announcement after attending Artillery Day ceremonies in Paraguari. [passage omitted]

Wasmosy downplayed the discontent that reportedly prevails among a group of high-ranking cavalry officers and generals over the trial of General Lino Cesar Oviedo, retired; and over the alleged intention of the Air Force to "raze" the Cavalry during the military crisis last April.

Wasmosy evaded answering, adding that he ordered the disciplinary arrest of General Jose Felicisimo Segovia Boltes because of the latter's altercation with Vice President Angel Roberto Seifart. [passage omitted]

Asked about Gen. Gonzalez Maldonado's situation, Wasmosy said he remains in his post despite having attended meetings with Army officers who are annoyed over Gen. Oviedo's trial. Wasmosy said: "He will remain in his post. It is good to talk about the new situation we are experiencing, which we must respect. I don't understand why people are annoyed over this."

Paraguay: Diplomatic Ties With Cuba To Be Established 'Soon'

PY0607034496 Asuncion ULTIMA HORA in Spanish 5 Jul 96 p 12

[FBIS Translated Text] Paraguay will soon establish diplomatic relations with Cuba. As a first step, probably in a month's time, consular and commercial offices will be opened in Havana and Asuncion within the framework of a rapprochement and exchange process. Later on, embassies with ambassadors either of a concurrent or resident nature will be established.

This information was disclosed on 4 July by Foreign Ministry official spokesman Guillermo Yaluff, shortly before a delegation led by Foreign Minister Ruben Melgarejo Lanzoni left for the area where the Pilcomayo River was blocked.

Concerning Yaluff's announcement, Melgarejo Lanzoni has already contacted his Cuban counterpart Roberto

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Robaina, with whom he will outline how to restore relations at a government level.

Yaluff even said that President Juan Carlos Wasmosy had agreed on the issue and ordered Melgarejo Lanzoni to begin negotiations with Robaina to set the grounds for a future Paraguayan-Cuban relationship.

To obtain more detail on this information, this morning ULTIMA HORA talked to Foreign Ministry Cabinet Chief Federico Gonzalez. He admitted that the Paraguayan Government is interested in opening consular and commercial offices in Havana, as a first step to promote a bilateral rapprochement process designed to then establish diplomatic relations.

It should be noted that Robaina made a non-official visit to Asuncion in April 1994 on which occasion he contacted the Foreign Ministry. On that occasion he met with Oscar Cabello Sarubbi, who was vice foreign minister at that time.

On that occasion neither Wasmosy nor former Foreign Minister Luis Maria Ramirez Boettner met with Robaina.

Paraguay: Criminal Judge To Hear Oviedo's Case Temporarily

PY0507161496 Asuncion ULTIMA HORA in Spanish 4 Jul 96 p 2

[FBIS Translated Excerpt] Criminal Judge Gustavo Ocampos has disqualified himself from the Lino Oviedo case and passed on the file to Judge Jorge Bogarin, who will hear the case temporarily. Ocampos argued friendship with attorney Juan Francisco Elizeche Baudo, who is one of Oviedo's lawyers.

Judge Bogarin reported this to the two parties this morning, and decided to study the request for release from prison submitted yesterday by attorney Julio Cesar Vasconcellos. Bogarin said he has no reason to disqualify himself from the case.

Bogarin will be the third judge to hear this case. Judge Alcides Corbeta was the first, and he has withdrawn momentarily from the case because he was rejected by Vasconcellos "due to personal interests and hatred of and unfriendliness toward his client." Corbeta rejected this objection, arguing that the accused has had all constitutional guarantees. But while the Appellate Court is studying which of the judges will be charged with prosecuting Oviedo, Corbeta has delegated the file to Judge Gustavo Ocampos.

Nevertheless, even before the court's decision, Ocampos disqualified himself for reasons of friendship with Elizeche Baudo and passed the file on to Judge Jorge Bogarin. In this manner, it is up to Bogarin to deal with the matter until the Appellate Court decides which of the judges will handle the case. [passage omitted]

Paraguay: Wasmosy Asks for Report on Cavalry Crisis

PY0507191896 Asuncion NOTICIAS in Spanish 5 Jul 96 p 4

[FBIS Translated Text] President Juan Carlos Wasmosy, in his capacity as Armed Forces commander in chief, has requested a full report on the situation of cavalry and infantry officers, generals, and commanders as a result of the summary inquiries that have been opened and the arrest of two generals, one of them on active duty, in less than a month.

Wasmosy requested the report as a consequence of the unrest detected in areas of the Armed Forces — particularly at the Cavalry — as a result of the arrests of General Jose Segovia Boltes and former Army commander Lino Cesar Oviedo. Both cases are connected to the events of 22 April.

The head of state said he wants an in-depth report on incidents at the Cavalry and an assessment of their possible consequences in the future.

Asked about the matter, Miguel Angel Ramirez, presidential political and private secretary, said: "This is categorical; the president is being constantly briefed on the situation within the Armed Forces." The secretary, however, denied that there was any unrest.

"The president is the Armed Forces commander in chief and I categorically say that he is being constantly briefed on the situation within the Armed Forces," Ramirez said.

He did not say, however, whether the head of state made any special request to the heads of the three Armed Forces branches as a consequence of the latest incidents.

During his stay in Korea, the president will be informed through a satellite telephone system that the Presidency purchased recently and that will be transported in a special briefcase to be carried by Security Chief Lieutenant Colonel Victorino Sapriza Nunes.

According to the sources, Wasmosy is particularly concerned about Cavalry officers because no problems were registered in the Navy or Air Force.

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Uruguay

Uruguay: President Returns From Malaysia, Views Ties

PY0907034396 Madrid EFE in Spanish 0051 GMT 8 Jul 96

[FBIS Translated Text] Montevideo, 7 Jul (EFE) — Uruguayan President Julio Maria Sanguinetti returned to Montevideo today. He returned with the successful results of his four-day visit to Malaysia at the head of a large political, economic, and commercial delegation.

Sanguinetti was received at the Carrasco International Airport by Vice President Hugo Batalla and cabinet ministers.

Sanguinetti travelled to Malaysia at the invitation of that country's paramount ruler, Sultan Tuanku Ja'afar ibni Al-Marhum Tuanku Abdul Rahman, who visited Uruguay last year.

After resuming his post, Sanguinetti stressed that diplomatic relations with Malaysia had been strengthened and that important agreements had been signed in the areas of foreign policy and commercial, scientific, and technological exchange.

The agreements will facilitate the investments that Malaysian companies plan to make in Uruguay.

One of the most important results will be the construction of a tourist "satellite city" west of Montevideo that has been projected by Malaysian entrepreneurs and that will cost $150 million.

Foreign Minister Alvaro Ramos; Economy Minister Luis Mosca; Lucio Caceres, transports and public works minister; and Tourism Minister Benito Stern returned with Sanguinetti.

The entrepreneurial delegation, whose members closed important business deals with Malaysian entrepreneurs, also returned with Sanguinetti. In the future, Malaysia will become an interesting importer of beef, canned food, textiles, and manufactured leather.

The entrepreneurial delegation also defined a series of private agreements to mount electric appliances and assembly the car "Proton" in Uruguay. These articles will be traded in Common Market of the South member countries.

According to Uruguayan entrepreneurs, their Malaysian counterparts showed interest in participating in the construction of Uruguayan public works and assured President Sanguinetti that a consortium from that country will participate in the international bidding for the construction of the Colonia-Buenos Aires bridge, the first highway connection spanning over the River Plate that is being projected with Argentina.

Venezuela

Venezuela: Caldera Delivers Independence Day Speech

PA0707043796 Caracas Venezolana de Television Network in Spanish 1310 GMT 5 Jul 96

[Speech by President Rafael Caldera at the Elliptical Room of the Federal Palace in Caracas on the occasion of 185th anniversary of Venezuelan independence — live relay]

[FBIS Translated Excerpt] President and Vice President of the Congress; president of the Supreme Court; president of the Judiciary Council; Acting Comptroller General and Attorney General; former president; former presidents of the Government Junta; ministers from the executive branch and other national authorities; Governor of the Federal District; His Excellency, the Archbishop of Caracas and auxiliary bishops; His Excellency, the Apostolic Nuncio, dean of the diplomatic corps; their excellencies, the ambassadors, honorable charge d'affaires and representatives of international orgnizations, senators, deputies, members of the military high command, mayors of the metropolitan area, presidents and directors of national academies, university rectors and directors, ladies and gentlemen, people of Venezuela:

For the third time in my current constitutional period, I am addressing the Venezuelan people, all of the country's representatives, and the representatives of friendly countries to convey to you a message of friendship and hope during another anniversary of our declaration of independence. I have not concealed in previous speeches, and I will not do so now, the serious circumstances that we have had to experience. On every occasion, I have renewed my confidence in the future and I have ratified my commitment not to spare any effort or action that may be required to overcome the situation, and I will repeat it now.

Today, there are reasons to reiterate it and to tell those who are listening to me that we are on the way to an economic, social, and moral recovery. We have initiated a new stage in our nation. The recovery has been recognized by all. With everyone's effort we will sail this ship to its destination.

This 5 July is an important date to reaffirm our commitment to preserve the state of law. We have learned it from the history of Venezuela and we have learned to study and value it, and we have been able

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to prevent the consequences that may result if we were to disregard it. Every time the state of law was broken — regardless of the good intentions behind it on certain occasions — the subsequent short periods of well-being were followed by serious traumas and prolonged stages of systematic violations of the rights and freedoms of human beings and society. The date, 5 July 1811, was exemplary, it marked the birth of the juridical institutions of our Republic. [passage omitted]

The government I head has contantly worked to maintain and renew our juridical regulations. To further our efforts, we have counted on the people's understanding, the nation's intuition, and the firm position of the Armed Forces. The people who, in good faith or because of misguided ambitions, have said it would be impossible to maintain political stability and social peace in the country, were wrong. Fortunately, peace and stability have been and are fundamental elements in Venezuela's current reality. They are the basis and required conditions to forward the process of building a new country to which we are committed.

Without such conditions, we would not have been able to adopt the economic measures — several included harsh demands from all sectors of the population — implemented during this new phase and, if we would have tried, they would have been a tremendous fiasco. The government made the decisions with sincerity and clearly explained the measures to the people. The current reality shows that the people understood the need for the measures and behaved accordingly because they know we are working to have a solid foundation so that the country can have economic stability and reactivate its economy. We had to take those steps to have social equity and progress; this was the only way they could be achieved.

The conduct of the vast majority of the people shows that they have been heeding our call to unity — shunned by some, perhaps because they did not understand its strong significance — and this commits those of us who have the delicate task of governing even more. We have not wasted our time contradicting the prophets of disaster. Events have proven that they were wrong. For example, doomsday announcements were being made when it was decided at the appropriate time that the exchange control should be eliminated. However, contrary to those predictions, the exchange market's stability has been an clear sign of the strength of our economy, which has been so terribly affected by the mistakes and blunders of the last decades. When the administration implemented measures and previously announced the results to be expected, those results were corroborated and with even better results than anticipated. Confidence in Venezuela's future has gradually increased abroad. Serious investors and reputable authorities in the economic world have so attested. [passage omitted]

We have well-founded reasons to be optimistic, but of course not to the point that we can rest on our laurels or reduce our level of activities. The first resource for our recovery is work. We are fully aware of the urgent need to redouble our efforts, to take advantage of the opportunity to work without respite to accomplish the goals of the Venezuela Agenda. The government has the first and most serious responsibility, but the commitment belongs to all.

The time is right to get the private sector to start generating wealth and jobs. A policy of concerted effort by the public and private sectors has been drafted and the horizon is open for production, for industrialization, and for exports.

The branches of government, not only in the executive branch, but also the national, state, and municipal government organizations, business and labor organizations, political organizations, nongovernmental organizations in general, and naturally the religious institutions of the various denominations, all without exception, are involved in this great duty. The commitment has multiple aspects. Each one of us must sincerely assume our duty with determination and austerity.

Depending on the commitment with which we are able to comply with our responsibilities, big or small, more or less difficult, we will obtain results and the stability we want. The future is demanding from us the recovery and improvement of our levels of education, especially our elementary education. We cannot accept the deterioration of our educational processes. Our aspiration for educational excellence has been a priority factor in the Venezuelan democratic process. Our society, in this information age, requires a better education. There is a call coming from the inside of our national soul to get the community, especially the family and the public sector to give preferential treatment to the requirements of the education of our youth. We aspire to have a dignified teacher and we invite you to recognize that teachers are the key sector for national prosperity. Just as we hope teachers will demonstrate their human quality, we hope they are proud to follow in the footsteps of Bello and Rodriguez, Vargas and Aveledo, Rafael Vegas and Lola Fuenmayor, Luis Beltran Prieto and Manuel and Genaro Aguirre, as well as so many others, each one in their own field. They are true molds for the shaping of the future generations.

On 5 July 1995, in this symbolic place containing our fatherland's glories, I told the country:

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In the current juncture, just prior to the great transformations that lie ahead and that will be brought to us by the new millennium of Christianity, a new society will inevitably be born in our country. It will be a democratic society that will not repeat the Sisyphus myth here. It will be a society inspired by a real and sincere patriotism guided by justice and social justice. It will be a society determined to attain for all Venezuelans the possibility of obtaining the benefits that providence has placed within our reach. We must forge a better future for them, for their children, and for their grandchildren. We are determined to seek the greatest happiness possible for all. According to the Liberator, that should be the first objective of the best system of government.

That is what I said then, and today, more than ever, I feel compelled to proclaim that purpose. Let us rescue our moral values. Let us join our capabilities. I know a great deal remains to be done, but we have to come out ahead and we will succeed. [applause]

Venezuela: Minister To Continue Along Path of Predecessor

PA0607165596 Caracas EL NACIONAL in Spanish 29 Jun 96 p D1

[Report by Rafael Nunez and Jesus Eduardo Brando]

[FBIS Translated Text] General Pedro Nicolas Valendia Vivas, the new defense minister of Venezuela, has said he will continue along the path set by his predecessor, Moises Orozco Graterol, and will fight the Colombian guerrillas along the border, "because the National Armed Forces [FAN] have the unrenouceable right to guarantee security, integrity, and sovereignty as part of their fundamental mission."

President Rafael Caldera has sworn in Valencia Vivas at a ceremony in the Espejos Room of the Miraflores Palace, with the attendance of the military high command and cabinet ministers.

Caldera has said at the ceremony: "On behalf of the government, the people, and myself, I thank General Orozco Graterol for his excellent work at the head of the Defense Ministry, and I affirm my full trust in General Valencia Vivas, who also will fulfill the delicate mission assigned to him."

In his first statement as head of the Defense Ministry, Valencia Vivas has said the FAN must reach high level operation capabilities to take on the challenges of a changing, modern world.

He has said he was receiving a cohesive, united Armed Forces oriented toward improving their operational readiness and with a tendency at a better organization and modernization.

He has said: During my service, the plans and projects implemented by General Orozco Graterol will be maintained. These projects are oriented toward the protection of our borders, the social security of the FAN people, modernization, raising the operational capabilities of the Armed Forces, and at the unification of our Armed Forces.

He was asked: Will you insist on the issue of hot pursuit before the Colombian authorities?

He has said: The Defense Ministry has the unrenouceable right to defend the nation's rights and interests, and FAN has that mission.

The minister has said this principle is envisaged in the context of the international law that establishes the state's right to legitimate defense. In this regard, he has said: "We will be clear and decisive regarding violations of these rights, because we must guarantee our legitimate defense so our citizens who live along the border area may live in peace."

General Orozco Graterol has said he is pleased with his performance. As for Colombia, he said he has fulfilled his duty to defend Venezuelan sovereignty and has demanded seriousness and responsibility in relations. "Unfortunately, they did not demonstrate this during my service," he has said.

Orozco Graterol has thanked the media for the support they have offered to matters concerning the country's security and defense and for being loyal to the nation.

As for the conditions in which he leaves FAN, Orozco Graterol has said he always has guaranteed the Armed Forces would never intervene in any activity not envisaged in the Constitution and would work for sovereignty and the protection of the country, always in support of the democratic institutions.

"This is how I leave FAN, and I am certain they will always be on the side of democracy, no doubt," he has said.

As for his "hot pursuit" proposal, he has said he cannot suggest to his successor how he should think but has said the idea should be maintained.

In his swearing-in statement, General Valencia Vivas has said he is "fully prepared to assure national defense. This is not a time for giving in to individualism."

General Valencia Vivas has said his term in office will be characterized by the firm will to act in accordance with the law while respecting human rights and international law. He invoked the need for the necessary unity of the state branches and of all the national sectors.

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Venezuela, he has said, must mean fatherland, society, family, order, respect, honesty, solidarity, and democracy. He has said he is prepared to expand and deepen the relations between the military and the rest of the social body in the countryside and the cities. He has made a special mention of his decision to maintain the policy for the education and professional training of all the FAN members and his decision to expand as much as possible the useful life of the military equipment and weapons system that represent the pivot of the military structure.

General Moises Orozco Graterol reminisced about the most important aspects of his term, such as the reforms of the educational system, social well-being, technological training, the maintenance of military materiel, and the reviewing and updating of military justice. He has said one key aspect of his work was the defense of Venezuelan sovereignty, particularly along the borders.

Venezuela: Official on Measures Against Fraud, Corruption

PA0907045596 Caracas EL NACIONAL in Spanish 5 Jul 96 p 2D

[Report by Victor Manuel Reinoso]

[FBIS Translated Text] Attorney General Jesus Petit Da Costa revealed yesterday that Venezuela has filed suit in Miami for a $30 million embargo against Bancor to cover Bancor's debts in Venezuela, and has also asked for a $2 million bond.

The $30 million represent 14.1 million bolivares that will be used to reach an agreement for debts owed to Fogade [Deposit Guarantee and Banking Protection Fund].

Regarding the trial of Orlando Castro Llanes, his son, and his nephew in New York, Petit Da Costa said that now that the issue of jurisdiction has been settled, a new trial hearing has been set for Monday, where a motion for dismissal of the Grand Jury's charges will be presented due to lack of sufficient evidence, a proposal that is sure to be challenged by the New York Prosecutor's Office.

Petit said: In this case it is believed that, if the judge finds merits for the accusations, he will set new hearings for 5 August to determine the trial's proceedings.

Petit Da Costa warned that predetermined trial periods do not exist in the United States, but the judge — in this case Mclaughlin — establishes each stages of the trial to be completed. "We are continuing to cooperate with the Prosecutor's Office and we believe it will be successful."

Fogade Deceived

Regarding the legal process initiated in Miami by Fogade and Corpofin representing the Republic of Venezuela against the former directors of the Bancor Group, who are being sued for $30 million, the attorney general did not release their names and acknowledged that, proportionally, they had been the ones that had given up the most property when Bancor was taken over by the government, in addition to being the first to express their interest in negotiating.

Petit said: The basis for this trial is that 90 percent of the shares of the Eastern National Bank, a U.S. bank, were originally bought by the First Bank Corporation NV, with headquarters in Aruba. Fifty percent of the shares of this offshore bank were owned by Corpofin, the main office of the Bancor Group, which was taken over by Fogade.

Petit Da Costa explained that shortly before the government took over the Bancor Group, Corpofin sold its Eastern National Bank shares to a related company established in the Cayman Islands called Eastern Overseas Bank for $700,000.

We have considered this is a fake contract because the shares' value is $30 million. Also, there is no proof that the $700,000 from the sale have been received by Corpofin.

Eastern Overseas Bank later sold the shares to another company established in the Cayman Islands. The company is part of a financial trust, mostly comprised of former members of the Bancor Group's board of directors, including the bank's former president.

Petit said: Based on this we state that those shares were transferred to deceive Fogade. And this prompted Fogade to hire the legal firm Silver & Waldman in Miami to file a suit demanding the shares' ownership. We do not oppose their sale, which is entrusted to the Union Bandres Bank. However, we object to having the product of that sale handled by the Bancor Group. We suggested to Bancor Group that the product of those shares, whose embargo we have requested, be frozen in an account until Bancor Group concludes the negotiation it started with the Attorney General's Office.

The TEM Hoax

Petit Da Costa said a prisoner was requested and there you have the Castros. They were asked to recover the money and they filed suit for $30-million and a $2-million bond was set.

He added that negotiations are under way for the payment of debts to various financial groups: Bancor,

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Barinas, Construccion, Fiveca, and Metropolitano so he believes the Attorney General's Office has fulfilled its duty.

"We are batting and we are scoring; and this allows us to predict that we will win. And we need a little bit of help from the National Congress, by approving the Complementary Organic Penal Law."

He believes this new law would prevent the repetition of cases like the $2-billion embezzlement with the TEM's [Monetary Stabilization Bonds], at a time when the banks' case has yet to be solved, and this happens because corruption has impunity.

Petit said: The TEM's, and the bangs, and the bumps will occur as long as corruption goes unpunished. And the measures we have proposed are the formula to prevent this. If it is determined that someone must be investigated his passport is withheld; if he leaves the country without the passport, he is deported from abroad. And if he is tried in absentia the documents he uses will be forged.

He emphasized that "a trial in absentia is a good deal for the corrupt nowadays. And we must put an end to these trials. If they take 2 billion bolivares, and if they spend 200 or 300 million in defense lawyer fees and bribes, then they have 1.7 billion left to enjoy. If we enforce the Complementary Penal Law this will stop. And whoever tells us where the cash is will get a 25-percent reward. Now we can tell those who took the 2-billion worth of TEM's: If you pay them back we will reduce your sentence. However, if you do not then you will rot in prison."

Venezuela: Central Bank on Forged Stabilization Bonds

PA0607201196 Caracas EL UNIVERSAL in Spanish 5 Jul 96 p 1-10

["Text" of Central Bank of Venezuela, BCV, press bulletin; place, date not given]

[FBIS Translated Text] In reference to the reports on the forgery of Monetary Stabilization Bonds, TEM's, that have appeared in the media, the Central Bank of Venezuela publicly states the following:

1. On 16 and 17 April 1996, the Central Bank of Venezuela [BCV] delivered to the firm Bancaracas Brokerage, in accordance with the appropriate formalities and control procedures, a group of TEM's that was previously awarded to the BCV in a public auction.

2. On 25 June 1996, Banco Caracas remanded a group of TEM's at the Securities Department of the BCV where it was detected that twenty (20) of the TEM's had features differing from the ones the bank issued originally. These detected features were a result of the BCV's effective control and safety procedures.

3. On 21, 25, 26, and 28 June, TEM's issued in the name of two financial institutions and two individuals were submitted to this issuing bank so they would be negotiated and cashed. The TEM's included some with characteristics similar to the ones submitted by Banco Caracas, and it was ascertained once the appropriate evaluations were made that they corresponded to the originals issued by the BCV.

4. Given this situation, the BCV decided to temporarily suspend payment on certificates involved in the previous situation. Furthermore, it proceeded to file the corresponding report to obtain a ruling on the legitimacy of those certificates and the legal status of those who submitted the certificates.

5. The investigations conducted by this bank confirm compliance with internal security and control procedures. Likewise, these investigations have revealed that BCV officials can in no way be held responsible.

6. It is important to state that the BCV offers banks its services as certificate custodian, and the cost is lower than the amount charged in the sector for the same service.

Venezuela: Meier To Request IDB Funds To Improve Jails

PA0607023496 Caracas Venezolana de Television Network in Spanish 2300 GMT 4 Jul 96

[Report by Lunin Villa Gil]

[FBIS Translated Text] Justice Minister Henrique Meier will travel to the United States in the next two weeks to meet with World Bank and Inter-American Developement Bank [IDB] representatives to request resources that will allow our country to improve its jail situation. However, authorities have announced that the mobile jail units [colonias moviles] in El Dorado will start to be remodeled next month. Minister Meier made this announcement in Guayana where, in addition to visiting the mobile jail units in El Dorado, he signed an agreement that will allow the National Fund for the Construction of Penitentiaries to disburse 500 million bolivares to remodel the penitentiary center so it can house 1,400 prisoners.

[Begin Meier recording] We cannot continue to be criticized because of the deplorable situation of our penitentiary system. They must help us. This is what I am going to say to the multilateral organizations. We have shown them the terrible conditions of our jails. We

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have not hidden anything. However, we need resources to build new jails as well as to rehabilitate the prisoners with educational, cultural, sports, and work programs. All this costs money. [end recording]

The Bolivar State Government and the Venezuelan Guayana Corporation [CVG] also participated in the agreement and will assign economic stipends in accordance with their budget possibilities.

[Begin Bolivar Governor Jorge Carvajal recording] The state government will transfer the prisoners to the El Dorado sector. We will work with the prisoners of the first and second circuit in a center that will be built for them at an equidistant point between Ciudad Bolivar and Puerto Ordaz. [end recording]

[Begin CVG President Elias Nadim Inalty recording] We are also going to participate. We will send technicians to help in the projects and will give the necessary land as soon as the authorization to build the jails has been given. We are also thinking of donating vehicles to the regional penitentiary system. [end recording]

Engineer Ana Isabel Bello, director of the National Fund for the Construction of Penitentiaries, announced that they are studying a project to build new prisons to house up to 3,000 prisoners in El Dorado.

Venezuela: Commander Considers Border Problems Priority

PA0507222896 Caracas Venezolana de Television Network in Spanish 1530 GMT 2 Jul 96

[Report by Melissa Soto]

[FBIS Translated Text] The new Army Commander Pedro Hernandez has asserted that his main priority is to continue projects geared to solve the problems in the border areas. Army members attended the change-of-command ceremony held at the honor patio of the military academy. The Army, he said, has many priority areas, including personnel welfare, military education, operations, and administrative efficiency. However, the development of the border area is and will continue to be its fundamental objective.

[Begin Defense Minister Pedro Valencia recording] To increase our Army's presence and participation in the security and development of the border areas, we have provided operations site No. 1 with combat units and service support. Despite our limitations, we have used airplanes to activate a border defense base at San Simon de Cocuy in the Amazonas state and provided resources to bolster other bases of defense that already existed and are currently fully activated. [end recording]

[Begin General Pedro Hernandez recording] General Valencia Vivas: Upon replacing you as Army general commander, I want to assure you that all the projects that were planned and developed by the command staff during your administration — in which I worked as inspector general — will be complied with and maintained, as was visualized. [end recording]

The new Army commander also intends to strengthen all the values of the institution to improve its image.

Venezuela: Minister on Joint Artillery Unit Installation

PA0507183296 Caracas EL NACIONAL in Spanish 2 Jul 96 p 1D

[Report by Jesus Eduardo Blandon]

[FBIS Translated Text] New Defense Minister General Pedro Nicolas Valencia Vivas has announced that the Venezuelan Army is pushing ahead its "Fenix" program to install a special joint artillery unit for antiaircraft defense in the Zulia State border region.

The announcement came after an exclusive EL NACIONAL article was published last week, and confirmed by official sources, regarding the development of medium-range missiles by the Colombian Armed Forces. According to the report, the project is very advanced and is being developed in the Madrid Base.

Defense Minister Valencia Vivas gave no further details on this issue, however, he revealed the creation of a second Cazadores brigade to be headquartered in Barinas, and with jurisdiction in the states of Apure, Amazonas, and Bolivar, the original territory of the Special Operations Theater (01) against the incursions and attacks of the guerrilla forces, and the Colombian drug cartels. The creation of the brigade was decided based on the need to reduce both costs and troop displacements.

The defense minister also announced that the premiums for soldiers serving in the border zone were increased.

Although he did not mention any numbers, the defense minister said that "these economic incentives are part of a commitment to improve the social well-being of military and civilian personnel. In this way, significant steps are being taken to humanize the task of serving in areas of the nation that are already packed with problems and needs."

Valencia Vivas made these comments following the change of command ceremony of the Army to Division General Pedro Hernandez Guevara.

Meanwhile, the change of command ceremony of the Navy took place late yesterday at the headquarters of the

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Naval Academy in Mamo. The command was handed over to Oscar Martinez Morales, former chief of staff of the National Armed Forces, by Vice Admiral Jesus Enrique Briceno Garcia.

Venezuela: Guaviare Drug Cartel Emerges Near Border

PA0507194296 Caracas EL NACIONAL in Spanish 1 Jul 96 p 1D

["Special" report by Maximo Pena]

[FBIS Translated Text] Puerto Ayacucho — If, due to a given circumstance, any light aircraft intending to land in Puerto Ayacucho, capital of the State of Amazonas, were to extend its flight path 3 km toward the Orinoco River and reach Colombian territory, it could land in a landing strip operated by drug traffickers, on one of many such landing strips in the area, and which could hardly be considered clandestine strips. Because the drug business is closer to Venezuela than many people are willing to admit...

The relationship between the Venezuelan Amazonas State and the drug production and trafficking from Colombia should not surprise anyone if we consider that the two countries share a 690 km-long border in the area in which the presence of the Colombian military forces is practically non-existent because it is an area widely controlled by Colombian guerrilla forces.

However, despite the warning given of the drug seizures made by the authorities since 1980 (in May of that year 180 kilos of cocaine were found in a light aircraft which had crashed, the first significant finding in the zone), the official action by Venezuela to resist the penetration of drug trafficking in that area has been mainly a compendium of good intentions and very little action.

For example, one recalls a Council of Ministers back in 1984, when Jaime Lusinchi was beginning his trek through the Presidency, Lusinchi created an interministerial commission comprised by seven departments and the CVG [Venezuelan Guayana Corporation], "because of the administration's resolve to solve this problem decisively and exhaustively, to try to find a solution to the irregularities that could exist there, specifically problems related to the exploitation of mines, drug trafficking, and the guerrilla forces which were abundant in the border areas."

Nevertheless, today we can affirm that Venezuela's participation in international drug trafficking is no longer simple as a "bridge" country, but as a supplier of the raw materials used to process a large part of the cocaine and heroin in Colombian territory.

The Gasoline Goes To Colombia

There is less than 100 km of asphalt roads from Port Ayacucho south to Samariapo. The rest of the territory depends on river transportation. Therefore, gasoline consumption is limited to outboard motors, which has to be mixed with motor oil at 50-to-1 ratio for two-stroke engines.

However, in a study conducted by the Regional Office of the War Against Corruption detached to the area by Adelso Gonzalez Urdaneta, presidential commissioner on that issue, it was proven by a revision of the Port Ayacucho customs export trade relations that an average of 1 million liters of gasoline is sent to the middle and upper Orinoco every month, where the Indian and local population experience a proverbial shortage of gasoline, and frequently have to turn to the black market where they pay up to 250 bolivares per liter of gasoline.

For such an amount of gasoline the sale of at least 20,000 liters of motor oil would be needed to prepare the fuel mixture needed for the outboard motors of these boats. However, less than 1,000 liters of motor oil reach that area each month. This means that the million liters of gasoline bought from Corpoven [Venezuelan Petroleum Corporation] by Amador Barreiro, owner of the concession for the sale of gasoline in that sector is consumed by barely 50 vehicles that have come on shady businesses to small towns such as San Fernando de Atabo, or San Carlos de Rio Negro; and if this were so, it would establish a new world record in gasoline consumption.

The other possibility, which is well known by the state's security forces, is that that amount of gasoline is sold at international prices (an average of 90 bolivares per liter) to be used by drug traffickers and guerrilla forces in Colombian territory.

And the Cement, too

The investigation of the Anticorruption Office in Amazonas State reveals that gasoline is not the only product being trafficked. Large amounts of cement, used as to accelerate the cocaine leaf drying process, are going to drug traffickers. According to the same customs office in Port Ayacucho, approximately 1,000 tons of cement were exported to Colombia during the first four months of 1996, and the trend has continued during the following months.

The main destination for those shipments is the Colombian town of Tambora, on the banks of the Orinoco River facing an area known in Venezuela as Pato Guayabal, where Amador Barreiro's estate is located.

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An unofficial youth center for the rehabilitation of street children and juvenile delinquents called Servicio Juvenil Salesiano is located in Tambora. It is worth noting that the area is under the control of the Revolutionary Armed Forces of Colombia, FARC, who share the territory with countless plantations of poppy and coca as well as with the laboratories operated there by the drug traffickers.

Everyone comments in the region that the youth training center is actually a recruiting and selection center operated by Colombian henchmen. Sailing down the Orinoco River we could see that in Tambora there are a couple of metal-structure buildings and we could not see any new construction site that would merit such a huge volume of cement. What could easily be noticed next to an indescribable statue of Simon Bolivar some 30 meters tall were some sophisticated radio, microwave, and satellite communications equipment that is not in keeping with the activity that is supposedly being carried out there. Another strange detail is that the cement that is exported is not accompanied by the respective amounts of iron rods and other construction materials.

Another Venezuelan product used by the drug traffickers for their plantations — where, by the way, a large number of Venezuelan Indians and Creoles work "scraping the coca leaves" — is urea, an organic fertilizer, manufactured by Pequiven [Petrochemical Company of Venezuela, Inc.]. Large volumes of urea are exported from Puerto Ayacucho, mainly to Tambora. The fertilizer is left on the mouth of the Tomo river and is later distributed by road to other points in Colombian territory located off the Orinoco River.

Security forces have confirmed that a large portion of that raw material is sent to southern Colombia, specifically to the vicinity of the Guaviare river, near San Fernando de Atabapo, where plantations of poppy used for the production of heroin have been detected. What in Colombia is already being considered a new drug cartel, the Guaviare cartel, is being strengthened at Venezuela's expense.

Guyana

Guyana: Official Denies Intent To Authorize DEA Actions

PA0707033296 Madrid EFE in Spanish 2150 GMT 6 Jul 96

[Report by Urell Wilkinson]

[FBIS Translated Text] Georgetown, 6 Jul (EFE) — An official of Prime Minister Cheddi Jagan's government denied today that Guyana intends to authorize U.S. DEA agents to conduct operations against drug-trafficking suspects.

Cabinet Secretary Roger Luncheon stated that Guyana and the administration of President Bill Clinton are currently discussing an agreement for U.S. airplanes to overfly the territory of this South American nation, which does not include an authorization to directly intervene in Guyana territory.

Luncheon compared these negotiations with the agreement reached with neighboring Venezuela, which allows overflights over their territory.

"We are aware that the U.S. military is involved in pursuit or direct intervention in our neighboring countries, but this has not been discussed between us and the Americans," the official said.

Several Caribbean Common Market (Caricom) countries are negotiating agreements with the United States, but only Trinidad and Tobago has agreed to the clause that allows overflights over their country.

Jamaica seems to favor rejecting both clauses, the overflights over their territory and the direct intervention. On Friday, the Barbados Government expressed its reservations over such an agreement.

The proposal rejected by Jamaica would authorize the U.S. Coast Guard to enter territorial waters to intercept vessels suspected of drug trafficking.

In addition, airplanes from several U.S. agencies would be authorized to fly over Jamaica had that country accepted the agreements.

"What is being discussed is the authorization for U.S. airplanes that intend to fight drug trafficking to have access to Guyana airspace," Luncheon ratified.

He said that this proposal was presented to the Guyana Government in 1994, and an agreement is expected by the end of the year.

Suriname

Suriname: Opposition Demands on NF for Cabinet Seats

BR0807140896 Rotterdam ALGEMEEN DAGBLAD in Dutch 8 Jul 96 p 4

[Unattributed report: "Surinamese Opposition Putting Knife to New Front's Throat"]

[FBIS Translated Text] Paramaribo — The Surinamese New Front (NF), which lost the majority in parliament during last May's elections, is faced with serious problems. The party front, which includes the VHP [Verenigde Hindoestaanse Partij], wants to nominate VHP leader Jagernath Lachmon for the parliamentary chairmanship, the members of which will be admitted

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next Tuesday. However, it looks like Lachmon will not get the required number of votes.

The opposition groups DA'91 and Pendawa Lima, which together form the Middle Bloc, continue to keep the knife to the New Front's throat. They demand six influential seats within the new cabinet.

"The New Front must comply with our demand. We refuse to content ourselves with crumbs," Pendawa Lima's Chairman Paul Salam Somohardjo stated. At last weekend's party council, his statement was welcomed with loud applause.

According to Djagendre Ramkelawan from DA'91, Lachmon can forget about being elected chairman of parliament unless the NF gives in.

Lachmon must be certain that 26 members vote for him. Unless the situation changes, he will not get that majority during next Tuesday's special meeting of parliament. The NF has 24 seats, but one of the elected members, NPS [Nationale Partij Suriname] Chairman Ronald Venetiaan, is not allowed to take part in the vote because of his position as president.

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